ANNUAL REPORT 2018

grupo enusa

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Letter from the Chairman & CEO

Letter from the Chairman & CEO

Dear Reader,

You have before you a new edition of the ENUSA Group's Annual Report, a document that aims to reflect as faithfully as possible what we are, but above all, what we bring to the environment around us, what our added value is for the society we represent and serve.

ENUSA means energy, the environment, transportation, architecture and technological engineering, digital transformation, R+D+I, internationalisation, knowledge transmission, positive communication, gender equality, responsible management, excellence as an element for prosperity and development, a culture of safety, constant work to improve quality, and Sustainable Development Goals.

2018 has been an intense year, in which many objectives have been achieved, but in which we have also set ourselves ambitious challenges that we are facing with enthusiasm, work and commitment, a second semester full of courage, new demands and effective daring that are building the present and the future.

It will undoubtedly be remembered as the best year for ENUSA at a business level. The signing of the so-called 5Ps and the fuel supply and related services contracts for TVO and Forsmark 1 and 2 has made us undisputed leaders in BWR technology, a success that belongs to each and every member of the organization that has made it possible for the culture of quality, the culture of safety, continuous improvement and the excellence of our employees to make us worthy of our customers' trust.

Recovering trust in foreign markets is essential for our company, which is currently undergoing an intense process of internationalization and opening new market niches in which we can capitalize on our technical strengths. Therefore, in 2019 we will continue to advance in this process, directing our steps toward showcasing our company's technical excellence abroad. To follow this path, we will unite the capacities, abilities and skills of the public sector with those of the private sector, since I believe that uniting talent makes us unbeatable in international markets.

During 2018 we have laid the foundations for what we want the ENUSA Group to be in the future. In order to achieve our goal of being a 4.0 company, we have started providing content for the Transformation Plan, which not only integrates digital technology into all business areas by innovating and providing new solutions, but also requires a cultural change and a significant effort for the entire organisation to adapt to new ways of working that will undoubtedly lead to a greater flexibility of our organisation and an increase in the added value of the product we offer our customers.

We have significantly increased investment in R+D+i, since we are aware that our future will depend on our capacity to innovate, research and develop in increasingly demanding and better prepared markets, which nonetheless allow us to look with optimism at new niche areas of activity for which we strive to be the best.

Our Juzbado factory remains an international benchmark, not only for fuel fabrication but also for new developments in the safety systems sector.

As for environmental issues, we continue to make progress in the dismantling activities of the Saelices el Chico mine and to work toward environmental restoration and the disposal of acid waters through the Tekura project.

2018 has been a pivotal year for Emgrisa, which after suffering in terms of environmental investment as a result of the economic crisis, has won new contracts and acquired new business niches that have allowed us to end the year with practically healthy accounts and looking forward to a 2019 that will bring about a significant growth in actions that demonstrate the solvency and quality we offer our clients and that have made us worthy of their trust. New possibilities have opened up for both the private market and the international market thanks to the opening of a new branch in Chile, which joins our existing office in Peru.

The Cervera del Maestre USW plant remains an environmental management model that increases the number of tons it processes every year.

Our nuclear industry related transportation business area maintains its 100% share and we have signed a contract with ENRESA as Transport Operators of Low- and Intermediate-Level Waste for the 2018-21 period. As for nuclear medicine and other radioactive products related logistics, ETSA is increasing its market penetration by significantly increasing its turnover.

Undoubtedly, the best thing about ENUSA are its employees, the knowledge we strive to preserve from generation to generation through a transmission of knowledge that allows the new sap that the company receives to flourish thanks to the experience of those who are nearing the end of their career.

We are committed to transparency and the efficient management of our business and, therefore, the Audit Department has been a constant support to quality and accounting, budgetary, legal and good governance compliance.

As a public company, we have a duty to the society we represent and, to this effect, we have worked hard to implement policies and actions aimed at guaranteeing responsible and sustainable governance in ENUSA, with a variety of Sponsorship and Patronage activities, as well as organising numerous Corporate Volunteer programmes that have communicated to society an improved version of ourselves.

I am aware that the future will be sustainable and that it cannot do without Gender Equality, therefore we are working together with the Government to achieve our Sustainable Development Goals and to make the best decisions in order to improve the lives of future generations in a sustainable way. One of these objectives is, without a doubt, Gender Equality and, in order to achieve it, in 2018 we began the necessary work to draw up a new ENUSA Plan for Equality between Men and Women, which will be published next year.

I would like to end by expressing my deepest gratitude to everyone who forms part of this Group for their work, their dedication and their professionalism. And to you, the reader, who also devote your time to us.

José Vte. Berlanga Arona
Chairman & CEO

Corporate Governance

The ENUSA Group consists of the parent company, ENUSA Industrias Avanzadas, S.A., S.M.E., (ENUSA) **and its subsidiary companies**, Empresa para la Gestión de Residuos Industriales, S.A., S.M.E, M.P. (Emgrisa) and Express Truck S.A.U., S.M.E. (ETSA).

The governance structure of ENUSA comprises the following bodies:

BOARD OF DIRECTORS

Highest governance body of the company. It approves the strategy and oversees all the organization's activities. It is composed of 11 members: the Chairman – the only executive member who in turn presides over the Executive Committee, i.e. discharges at the same time senior management functions in the company – and 10 board members, of which two are proprietary directors and the remaining eight are independent. The General Shareholders' Meeting is responsible for both appointing and removing directors, as well as for establishing their number within the minimum and maximum limits stipulated in the Corporate Bylaws.

AUDIT COMMITTEE

Board of Directors Committee comprising a chairman and two members. none of them executive. Its function is to report to the Board of Directors on agreements to be adopted in the General Shareholders' Meeting in relation to approval of the accounts and assessment of the company management during the year and its internal control system. It also reports to the Board of Directors on any other matters of its competence that are raised in its meetings.

EXECUTIVE COMMITTEE

It is composed of eight members (Chairman plus seven company directors), all of them executives. It proposes the organization's strategy in all matters to the highest governance body, it advises the Chairman on those matters of its competence and it makes decisions when any specific proposal is submitted to it.

The ETSA Board of Directors is made up of four members: the Chairman and three directors, all of them proprietary.

The Emgrisa Board of Directors is made up of three members: the Chairman and two proprietary directors.

APPOINTMENT AND SELECTION

The highest governance body of ENUSA is appointed in full by the organization's two partners. The criteria used to select the members of the current highest governance body are as follows:

- The only executive member and the two proprietary directors were directly elected by the organization's two partners from among persons that are related through labor or profession to the organization itself or to them, respectively.
- The eight other independent members were chosen from among persons who are not related through labor or profession to the organization, or to the two partners, or to the regulatory body with competence on the subject of the organization's activity, or, finally, to the Administrative Authority to which the tutelage of the organization is attributed.

The highest governance body has an audit committee appointed and selected from among its members by said authority.

The following is considered for the appointment and selection of the members of the highest governance body:

- The participation of representatives of the main ministries and agencies of the State's General Administration to which the organization reports.
- Specialized knowledge and experience in the economic, environmental and social areas, insofar as the members in turn hold posts and perform functions in different spheres of the State's General Administration and its subordinate agencies that have relations with the social community in the aforesaid spheres.

Independence is taken into consideration for the appointment and selection of the members of the highest governance body, given that, as has been commented, eight of its eleven members are independent. For its part, the stakeholder group comprised by the shareholders is directly involved in their appointment and selection:

a. In the appointment of all the members of the highest governance body, given that they are all appointed by the two partners of the organization.
b. In the selection of three of the members (the only executive and the two proprietary), which have been directly chosen by the two partners of the organization from among persons that are related through their work or profession to the organization itself or to them, respectively.

The chairman of ENUSA's highest governing body also presides over the highest governing body of each of the invested organizations. The remaining members of the highest governing body of each of the invested organizations are appointed from among the executive positions of the parent organization.

CONFLICTS OF INTEREST

The members of the highest governance body annually report to the organization the possible existence of conflicts of interest, and they agree to abstain from taking part in decisions regarding which they may have any possible conflict of interest.

Since possible conflicts of interest must be reflected, by law, in the organization's accountant report (section 23. b) of the consolidated annual report), and since this annual report is published on both the institutional Website and in the Business Registry (accessible to the public for these purposes), possible conflicts of interest are public and, therefore, known by all the stakeholders.

REMUNERATION POLICIES

The Board of Directors remuneration policy is described in section 23.b) of the 2018 consolidated report.

The Management Board remuneration policy is described in section 23.c) of the 2018 consolidated report. However, it should be added that the remuneration policy is dictated by RD 451/2012 of March 5, which regulates the system of remuneration of senior executives and directors in the public corporate sector and other entities. This decree includes the minimum principles of austerity, efficiency and transparency required both of entities and their senior executives and directors. It thus applies criteria of good governance common to the world of listed companies and financial firms and that are derived from agreements coming from international organizations, adapting these advances to the nature of the public sector. The Minister of Finance is responsible for classifying entities according to their nature and the criteria laid down in Article 5 thereof.

Remunerations in commercial contracts or of senior management are classified as basic or supplementary. Supplementary remunerations include a job post supplement and, if appropriate, a variable supplement.

- The job post supplement remunerates the specific characteristics of the functions performed and it is assigned by whoever exercises the entity's financial oversight or control, by the shareholder or, in the absence thereof, by the associated Ministry in accordance with the following criteria: external competitiveness, organizational structure under the job post, relative weight of the post inside the organization and level of responsibility.
- The variable supplement is of an optional nature and remunerates the achievement of previously set targets according to parameters to be evaluated by whoever exercises the entity's financial oversight or control, by the shareholder or, in the absence thereof, by the associated Ministry, and its payment is conditioned by the achievement of such targets.

Severance pay is regulated in the eighth additional provision of RDL 3/2012.

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COMPOSITION

of the Board of Directors

ENUSA INDUSTRIAS AVANZADAS, S.A., S.M.E.

On 25 June 2018, the resignation submitted by Mr. Francisco Javier Muñoz Regueira as independent director representing the shareholder "Sociedad Estatal de Participaciones Industriales" (SEPI) is accepted.

On 25 June 2018, Ms. Myriam Pallarés Cortón is appointed as independent director to represent the shareholder "Sociedad Estatal de Participaciones Industriales" (SEPI).

On 23 July 2018, Mr. José L. González Martínez is removed as executive member representing the shareholder "Sociedad Estatal de Participaciones Industriales" (SEPI).

On 23 July 2018, Mr. José Vicente Berlanga Arona is appointed as executive director to represent the shareholder "Sociedad Estatal de Participaciones Industriales" (SEPI).

On 24 September 2018, the resignation submitted by Ms. Blanca Fernández Barjau as independent director representing the shareholder "Sociedad Estatal de Participaciones Industriales" (SEPI) is accepted.

On 24 September 2018, Ms. Ana Calle Martín is removed as independent director representing the shareholder "Sociedad Estatal de Participaciones Industriales" (SEPI).

On 24 September 2018, Ms. Luisa María Morales Domínguez is appointed as independent director to represent the shareholder "Sociedad Estatal de Participaciones Industriales" (SEPI).

On 29 October 2018, Mr. Ramón Gavela González is removed as propietary director representing the shareholder "Centro de Investigaciones Medioambientales y Tecnológicas" (CIEMAT).

On 29 October 2018, Mr. Carlos Alejaldre Losilla is appointed as propietary director to represent the shareholder "Centro de Investigaciones Medioambientales y Tecnológicas" (CIEMAT).

On 27 November 2018, Ms. Luisa María Morales Domínguez is removed as independent director representing the shareholder "Sociedad Estatal de Participaciones Industriales" (SEPI).

On 27 November 2018, Mr. Juan Miguel Báscones Ramos is appointed as independent director to represent the shareholder "Sociedad Estatal de Participaciones Industriales" (SEPI).

On 27 November 2018, Ms. María Francisca Gómez-Jover Torregrosa is appointed as independent director to represent the shareholder "Sociedad Estatal de Participaciones Industriales" (SEPI).

As a result of the above, the composition of the Board of Directors as of 31 December 2018 is as follows:

CHAIRMAN

Mr. José Vicente Berlanga Arona
Chairman
ENUSA Industrias Avanzadas, S.A., S.M.E.

VICE CHAIRMAN

Mr. Carlos Alejaldre Losilla
Director General
CIEMAT

BOARD MEMBERS

Ms. María Jesús Álvarez González
Economic-Financial Management
SEPI

Ms. María Dolores Rodríguez Maroto
Advisory Member of the State Secretariat for Support to Enterprises
Ministry of Economy and Enterprise

Mr. José Manuel Redondo García
Deputy General Director of Nuclear Energy
Directorate General for Energy Policy and Mines
Ministry for the Ecological Transition

Mr. Luís M. Aguado Díaz
Deputy Director General for Special Sectors.
Spanish Agrarian Guarantee Fund
Ministry of Agriculture, Fisheries and Food

Mr. Luis Gonzaga Serrano de Toledo
Deputy Director General Litigation Services
Government Attorneys' Office
Ministry of Justice

Ms. Raquel González Pico
Counsel of the Office of the Secretary of State for Environment
Ministry for the Ecological Transition

Ms. Myriam Pallarés Cortón
General Secretary
General Mutual Health Insurance for Civil Servants
Ministry for Territorial Policy and Public Function

Mr. Juan Miguel Báscones Ramos
Director of the National Accounting Office
General Intervention Board of the State Administration (IGAE)
Ministry of Finance

Ms. Francisca Gómez-Jover Torregrosa
Assistant Director General of Organization, Research and Complementary Social Welfare
General Directorate of Insurance and Pensions
Ministry of Economy and Enterprise

NON-MEMBER SECRETARY TO THE BOARD

Mr. Fernando Lozano Sánchez
Director of Legal Department & Secretary of the Board
ENUSA Industrias Avanzadas, S.A., S.M.E.

EMPRESA PARA LA GESTIÓN DE RESIDUOS INDUSTRIALES, S.A., S.M.E, M.P.

CHAIRMAN
Mr. José Vicente Berlanga Arona

BOARD MEMBERS
Mr. Juan I. Artieda González-Granda
Mr. Fernando Lozano Sánchez

EXPRESS TRUCK S.A.U., S.M.E.

CHAIRMAN
Mr. José Vicente Berlanga Arona

BOARD MEMBERS
Mr. Francisco Javier Montes Navarro
Mr. Juan I. Artieda González-Granda
Mr. Roberto González Villegas

NON-MEMBER SECRETARY TO THE BOARD
Mr. Fernando Lozano Sánchez

COMPOSITION
of the Executive Committee

ENUSA INDUSTRIAS AVANZADAS, S.A., S.M.E.

CHAIRMAN
Mr. José Vicente Berlanga Arona

DIRECTOR OF INTERNAL AUDITING, COMPLIANCE AND CSR
Ms. Rosario Arévalo Sánchez

DIRECTOR OF LEGAL DEPARTMENT & SECRETARY OF THE BOARD
Mr. Fernando Lozano Sánchez

DIRECTOR OF HUMAN RESOURCES, SYSTEMS AND QUALITY
Ms. Paloma Lorente Velázquez-Gaztelu

DIRECTOR OF NUCLEAR FUEL OPERATIONS
Mr. Fco. Javier Montes Navarro

DIRECTOR OF TECHNOLOGY AND BUSINESS DEVELOPMENT
Mr. Roberto González Villegas

DIRECTOR OF URANIUM PROCUREMENT AND R+D+I
Mr. Manuel Lozano Leyva

DIRECTOR OF FINANCE AND INVESTMENTS
Mr. Juan I. Artieda González-Granda

EMPRESA PARA LA GESTIÓN DE RESIDUOS INDUSTRIALES, S.A., S.M.E, M.P.

DIRECTOR
Mr. Mariano Martínez Cepa

DIRECTOR OF OPERATIONS AND TECHNOLOGY
Mr. Alfonso Álvarez Rodríguez

DIRECTOR OF ADMINISTRATION AND FINANCE
Ms. Aurora Fernández Blanco

EXPRESS TRUCK S.A.U., S.M.E.

DIRECTOR
Mr. Millán Morán Sánchez

Transparency
and good governance

Transparency and good governance are two of the fundamental principles on which public management should revolve. The full enforcement of Law 19/2013 on Transparency, Access to Public Information and Good Governance marked the beginning of the transformation of the public sector towards a greater openness and accountability. In order to adapt to the demands of this Law, the websites of the companies that make up the ENUSA Group include a section devoted to the Transparency Portal, which makes available to all interested parties information on the company business and which include data on economic and financial management, as well as corporate, organizational and regulatory information, among others. In 2018, ENUSA received three requests for access to information through the ENUSA Transparency Portal on the following subjects:

- Agreements signed with Berkeley mining on ENUSA's mining reserves in the province of Salamanca (two requests).
- Remuneration and per diems of the ENUSA Board of Directors and Management Board members.

Beyond transparency, values such as integrity, impartiality, effectiveness, efficiency or responsibility become imperative in all actions, especially at a time of growing pressure on corporate governance in the private sector. Issues such as risk prevention have become a key component of the principle of efficiency and corporate social responsibility. In this context, the ENUSA Group carries out risk management at two levels:

- At the strategic level, the ENUSA Group carries out an annual global analysis of the company's competitiveness by analysing the environment and the pilot risk mapping exercise which classifies risks into different categories such as strategic, compliance, reporting and regulatory and operational documentation risks, identifying strengths, weaknesses, opportunities and threats and establishing strategies at the company level, as well as monitoring actions and indicators.
- At the process level, the three companies that make up the Group have their own risk management procedures in place:
  - ENUSA has developed a procedure for identifying and implementing actions in order to address risks identified as necessary to ensure the ENUSA quality management system and the environmental management system of the Juzbado Factory. This procedure identifies risks based on three components (factor, event and consequence), identifying the risks, actions and the persons in charge for the processes considered (manufacturing, fuel services, engineering services, communication and supplies). ENUSA also has a catalogue of environmental risks that includes all identified risks and the necessary actions to address them.
  - At Emgrisa, risk and opportunity management is continuous and constitutes an implanted process that covers both the organization's key processes, its operations (services) and its relations with its stakeholders. It is carried out through a cyclical process that consists of identifying risks and opportunities, analysing and evaluating their significance, defining and establishing measures for their management, and monitoring or measuring results.

The techniques used to identify risks and opportunities are selected according to the nature of the objectives. Thus, techniques based on the participants' judgement and experience are used for project management, whereas historical or predefined lists are used for standard support processes. As for analysis, the organisation uses quantitative methods such as the FMEA (Failure Modes and Effects Analysis) model or the risk matrix. Risk quantification, which does not exclude the use of qualitative methods in certain cases, allows Emgrisa to assess its significance based on predefined criteria and, therefore, its hierarchy. Risk and opportunity ranking resulting from their assessment is the starting point for decision making. Decisions about continuity, optimization and resource distribution, or decisions about the establishment of measures for their removal, control or achievement, as the case may be. Risk management effectiveness is monitored by compiling, with a defined periodicity, indicators, control data or results. This information, together with the context, is both the starting point and a continuous source of feedback for the management process.

- ETSA determines the risks and opportunities affecting the organisation by planning and reviewing the Quality and Environmental Management System, and reviews them periodically (at least quarterly on the Quality Committees) to ensure that its processes are carried out as planned and to guarantee the achievement of the Management System expected results. To this end, it takes into account the context of the organisation (external issues, internal issues and environmental conditions) as well as any significant environmental aspects, legal requirements and other requisites.

The risk and opportunity management process involves several phases:

1. **Identification**: Finding out which risks and opportunities may affect the Quality and Environmental Management System results. To this end, a SWOT analysis is used (Weaknesses, Threats, Strengths and Opportunities).
2. **Analysis**: Understanding what the risk entails, knowing its consequences and the probability of its occurrence (a level is calculated depending on its probability and severity): Trivial, tolerable, moderate, important or critical.
3. **Assessment**: It involves determining the risks to be addressed, the most appropriate way to do so, the actions to be carried out, the addressing priority, etc.
4. **Addressing**: How to proceed about each of the risks: Eliminating, reducing, controlling or taking the risk according the previous assessment and deciding whether actions should be defined to take advantage of the opportunities found.
5. **Planning**: It should include what action is to be taken, with what resources, by whom, when, and how its effectiveness is to be assessed. The objectives of the organisation derive from this action plan.
6. After the actions have been implemented, **assessment of their effectiveness** and a re-assessment of the level.

Risk management becomes an essential tool in an increasingly complex, uncertain and volatile world that requires us to be in permanent adaptation and have the necessary flexibility to face challenges, but also to take advantage of opportunities. In this context, the companies belonging to the ENUSA Group are working to integrate into their business the opportunities offered by new technologies. With this objective in mind, in 2018 ENUSA launched a structured digital transformation project, which is understood as the integration of digital technology in all areas of the business in order to change or improve the way we operate and offer the client added value by innovating and providing new solutions.

Digital transformation implies a cultural change that requires a continuous need for the organization to adapt to the new ways of working, to ensure ongoing training in the tools and systems that make digitalization easier, to experiment and accept the possibility of minor initial failures until the new practices and the new culture are integrated.

There is no single model of digital transformation. The journey towards this transformation depends in each case on its business culture, its customers, its employees, its business and its determination to develop this task.

Following the process initiated in 2017 by the Management Board on digitalization in the framework of a programme for ensuring knowledge and awareness of its meaning, its tools and the steps for its development and implementation, a reflection was carried out to identify in a preliminary way the challenges that ENUSA had to tackle in order to generate sustainable advantages:

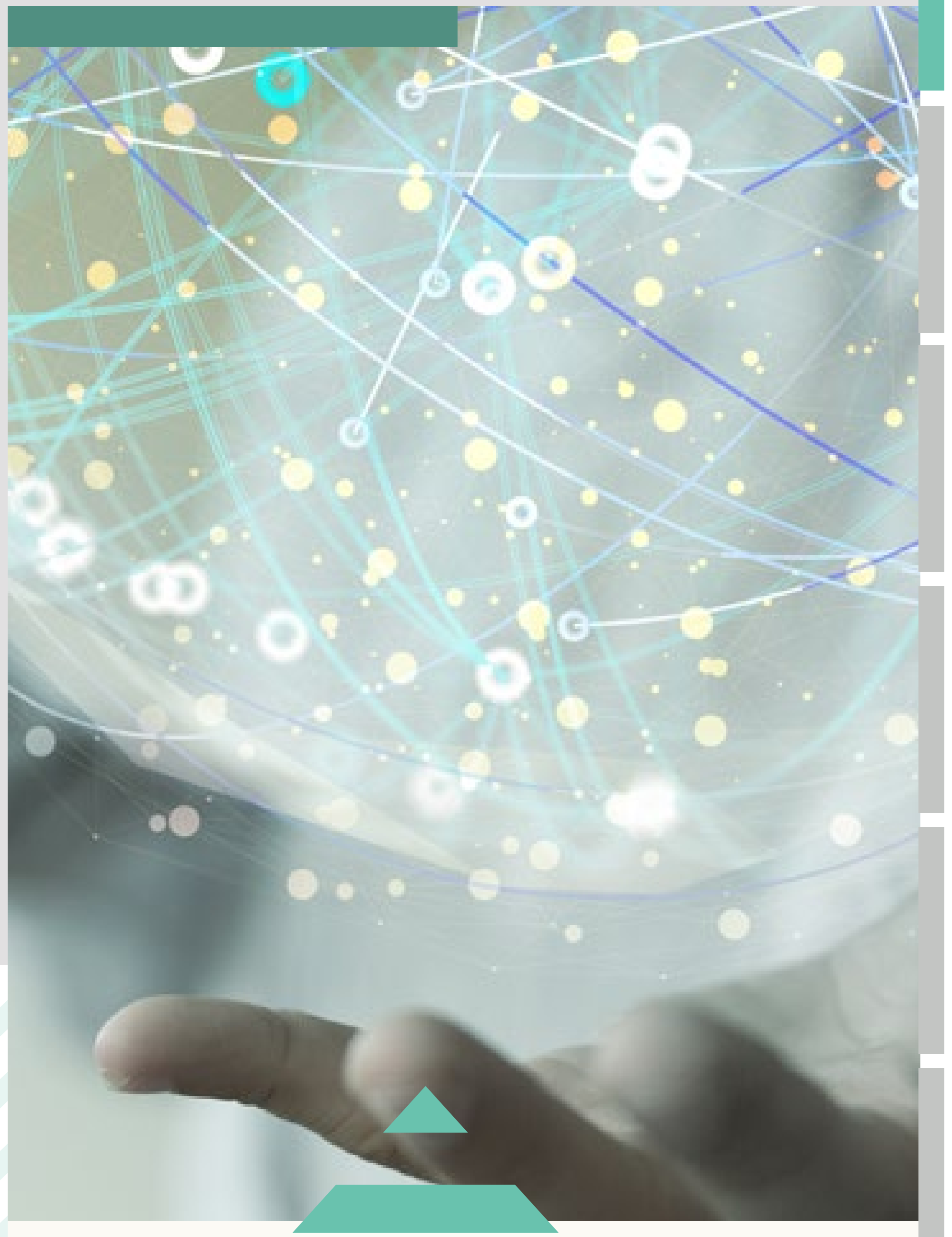
- Generating sustainable value for clients.
- Streamlining the value chain.
- Encouraging flexibility in the organization and its culture

Subsequently, an analysis of the process value chain was carried out and the leverages and actions to be developed were identified, also in a preliminary way. These leverages and actions were turned into different projects under the "Quick Win" (QW) format so that the actions could be deployed in a scalable manner and consolidating minor useful results.

After prioritising the identified QWs and assigning them to strategic lines, the organization agreed to carry out a group of these QWs, covering in an exploratory way a series of areas such as the creation of a customer map by segments, the analysis and definition of the collaborative tools to provide to the employees, the areas to be improved within refuelling design engineering processes or the analysis of business intelligence and document management capacities and tools that allow us to exploit digital documentation databases and files, projects that have also been developed as pilot elements for the application of agile methodologies.

All these developments, along with the deployment of more projects relating to the different lines of action, are being reflected in a Master Plan for Digital Transformation that serves as a reference and roadmap to continue on our journey of transformation.

In a rapidly-changing scenario with growing demands for immediacy, these advances in corporate governance seek to reflect in our work culture values such as effectiveness, quality, commitment, transparency, responsibility and efficiency in order to convey trust and provide an appropriate control environment to reinforce good business practices.



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Mission, vision and values

ENUSA believes that the best guarantee of its commitment to creating value for all the different people and collectives with which it interacts is professional performance in accordance with its mission, vision and values.

MISSION

Provide to society, on a continuous, long-term basis, first-rate, competitive and safe products that enable professional and human development, environmental protection and an adequate return.

VISION

It is based on business lines in technology and service areas developed on the basis of structural capabilities in nuclear and radioactive material treatment and management, which combine mature markets with other emerging markets with a major growth potential.

VALUES

Prioritized attention to safety, quality and the environment. Attention, confidence, understanding and respect for people. Training. Teamwork spirit. Leadership, innovation, professionalism and honesty. Perseverance in work and desire to excel. Transparency and constructive self-criticism. Participation, commitment and communication.

Each of the invested companies has its own mission, which is related to the mission, vision and values of the parent company but takes into account its different corporate purpose:

- **Emgrisa**: to implement and make available for customers and society solutions and tools that enable them to meet their environmental commitments in an efficient, safe and responsible manner.
- **ETSA**: to provide multimodal and global transport and logistics operator services for nuclear and radioactive goods, as well as other dangerous and complex goods, while strictly and rigorously complying with applicable national and international regulations according to an internal quality management and environmental protection system.

The senior management defines the purpose, values, mission, strategies, policies and objectives related to the indicated impacts of the organization and submits them to the approval of the highest governance body.

Ethics
and integrity

Integrity in an organization involves a comprehensive, ongoing effort to ensure ethical and legal behaviour. This includes both knowledge of existing legislation and a firm commitment to comply with it, as well as a determination to go beyond regulations and guarantee the integrity of the organisation and its employees, even when this behaviour is not required by law.

Two main instruments stand out as part of integrity management within the ENUSA Group: the Code of Conduct and the Organization, Management and Control Model for Crime Prevention.

CODE OF CONDUCT

On 15 March 2004, the Board of Directors of ENUSA Industrias Avanzadas, S.A. approved the first Code of Conduct. In 2014, a new Code of Conduct was drawn up in accordance with the criteria established by SEPI for its subsidiary companies. This new Code of Conduct is the key element that identifies the standards of conduct that ENUSA wants to observe in all its company activities. It is a more demanding standard of conduct than that defined by the applicable legislation in the different countries where ENUSA conducts its business.

This Code is the declaration of a set of principles and values of corporate conduct; it is a written reflection of a public commitment by ENUSA to these principles and values.

In February 2014, it was approved by the Board of Directors, as the highest governance body of ENUSA, and therefore it also implies the highest level of commitment.

As for its scope of application, the Code will be applied to all the subsidiary companies in which ENUSA holds a majority interest. It may also be applied to temporary joint ventures, consortiums and other instruments of business development in which ENUSA holds a majority interest.

PRINCIPLES AND VALUES OF CORPORATE CONDUCT

The principles and values of corporate conduct to which ENUSA is committed at the very highest level and on which this code is based are as follows:

1. Compliance with the law.
2. Integrity and objectivity in corporate performance.
3. Respect for people.
4. Protection of health and physical integrity.
5. Environmental protection.
6. Efficient management.
7. Proper conduct in international markets.
8. Use and protection of information.
9. Quality and safety.

Each of these principles leads to a set of rules of conduct, which in most cases are broadened with more specific rules via internal company rules or contract clauses.

ORGANIZATION, MANAGEMENT AND CONTROL MODEL FOR CRIME PREVENTION

In accordance with its mission and values and the principles of ethics and integrity, ENUSA has a strong commitment to regulatory compliance – both with legal provisions and technical standards that affect its business and in general with all legal system regulations and in particular criminal law. All the people who work in ENUSA and its subsidiaries and anyone who has relations with the Company should know that ENUSA does not tolerate legal non-compliance of any kind and that it will take decisive action if it becomes aware that an illegal act has been committed.

The result of this commitment is the Organization, Management and Control Model for Crime Prevention (hereinafter, "the Model"), which was approved by the ENUSA Board of Directors on 29 June 2015. Likewise, the respective governing bodies of Emgrisa and ETSA approved their Models on 30 June 2015 and 21 October 2016, respectively. The Model has three complementary Protocols that were approved by the competent bodies in each case.

- Anti-corruption Protocol.
- Action Protocol in case of Detection of Irregularities.
- Reporting Channel Protocol.

The purpose of the ENUSA Crime Prevention Model is to complete the compliance function already implemented in the Company and adapt it to the standards established in international practice for effective crime prevention programs that go above and beyond the currently enforced levels. The system thus meets the requirements regarding the criminal liability of legal entities enacted in Spain by Organic Law 5/2010, with the wording provided by Organic Law 1/2015 of March 30.

The Model is structured in two parts: a General Part and a Special Part.

The General Part describes the following elements:

(i) the main activities of ENUSA and the associated criminal risks;
(ii) the controls of a general nature that it has implemented;
(iii) the compliance culture ("safety culture") that ENUSA requires at all times;
(iv) the Company's organic control structure, paying special attention to the Supervisory Body;
(v) the set of internal rules and protocols, from the Code of Conduct to the Manuals regarding the most significant risks and the Operating Procedures;
(vi) the main aspects of the training system for all ENUSA personnel, which is essential to ensure the Model's effectiveness;
(vii) the main aspects of the action protocol in case a Model non- compliance or an illegal or criminal act is detected;
(viii) the Reporting Channel that enables any person who is aware of a potential criminal or illegal act to contact the Supervisory Body on a confidential basis and without fear of reprisals;
(ix) the main aspects of the procedure for monitoring and applying the Model and its continuous improvement.

The Special Part contains the following elements:

(i) a description of each of the crimes that in principle could possibly be committed considering ENUSA's business;
(ii) the main internal rules that refer to the risk associated with each specific crime;
(iii) the controls implemented by the Company in relation to such risk;
(iv) the internal bodies which act to mitigate the risk in question.

To supplement the provisions lad out in the Model, the Anti-Corruption Protocol establishes a series of specific rules and controls for the prevention of situations and conducts that could lead to the commission of crimes of public and private corruption, both in Spain and in the other countries in which it operates.

REPORTING CHANNEL

Both the Code of Conduct and the Organization, Management and Control Model for Crime Prevention require the existence of a Supervisory Body, as well as a channel for complaints and/or denunciations and another one for suggestions. For this reason, the two channels have been merged so that anyone who is aware of any act that could constitute a crime or a noncompliance of the ENUSA Model, Code of Conduct or Rules and Procedures will be able to contact the Supervisory Body via any of the following means:

(i) By mail, to the following postal address:
ENUSA Industrias Avanzadas, S.A., S.M.E.
Órgano de Vigilancia
C/ Santiago Rusiñol, 12
28040 Madrid
(ii) By email, to the following email addresses:
canaldedenuncias@enusa.es
canaldesugerencias@enusa.es
(iii) By personal interview with any of the Supervisory Body members.

This Reporting Channel is based on the following principles:

(i) It is categorically forbidden to adopt any penalty, reprisal or consequence against a person for having filed a complaint.

(ii) Access for reporting directly to the Supervisory Body is guaranteed, without the person who reports the act having to go through a hierarchical superior or any other intermediate body.

(iii) It is guaranteed that the identity of the person who makes the denunciation will remain confidential (although anonymous reports are not possible), unless revealing the identity is required by a judicial body.

(iv) The guarantees of the reporting channel do not apply to denunciations that are made with the knowledge that they are not true or with rash disregard for the truth.

The Reporting Channel Protocol is published on the ENUSA website. This document:

- The purpose is the establishment of a set of rules that regulate a specific channel through which the people in ENUSA can comply with their obligation to report any irregularities they become aware of to the Supervisory Body freely, without fear of reprisals and with their confidentiality guaranteed.
- Establishes the appropriate mechanisms for respecting the rights of the reported person, including those recognized in the personal data protection act.
- It includes the scope of application, the obligation of reporting, the way to report, the rights and obligations of the informer, the processing of the denunciation, the protection of personal data, and training and dissemination.

During 2018, two reports were recorded in relation to the Code of Conduct. Once the applicable examination processes had been completed, the Supervisory Body ruled that the files should be terminated having found no violations of the principles of the Code of Conduct.

TRAINING

Furthermore, both documents state that it is obligatory to take the necessary training/information actions so that all employees will be sufficiently aware of them and to ensure their effectiveness.

At the end of 2017 and during 2018, different training actions have been carried out for the ENUSA employees, on the Code of Conduct and the Organization, Management and Control Model for Crime Prevention, as well as in the Protocols that implement it. Specifically, at the end of 2017 the Management Committee was formed and in 2018 528 employees were trained at ENUSA's work centres in Madrid, Juzbado and Saelices el Chico, while part of ETSA's staff was trained at its registered office.

Throughout 2019, new training actions have been programmed for 100% of ENUSA employees, as well as for all personnel of the subsidiaries ETSA and Emgrisa.

AUDITS

Finally, both documents pose the conducting of audits and implementing internal controls in matters concerning their application, requiring that the bodies responsible for the internal audit take part in compliance monitoring and control.

In 2018 the internal management audit "Review of the established system for crime prevention" was carried out, and the final report was issued on 15 January 2019.

Global Compact

ENUSA is a signatory of the United Nations Global Compact since 2002, the year when the Spanish network for this initiative was founded. Since then, it has been committed to its 10 Principles, based on the promotion of and respect for human, labor and environmental rights and the fight against corruption, and these have become another mainstay of the code of ethics and best practices on which the company bases its management.

In addition to submitting its annual Progress Report (available at **www.pactomundial.org**) ENUSA gives all newly hired staff members an **informative brochure** together with its Welcome Manual; this brochure explains what the Global Compact is and the company's commitment, and what it means for the organization to be a member.

Subsidiaries Emgrisa and ETSA are signatories of the United Nations Global Compact since 26 September 2016 and 19 January 2017, respectively.

THE GLOBAL COMPACT
WE SUPPORT

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

On 25 September 2015, the UN General Assembly approved the 2030 Agenda for Sustainable Development, composed of 17 goals (the so-called "Sustainable Development Goals", SDGs) and 169 objectives. Unlike what occurred with the preceding Millennium Development Goals (MDGs), the SDGs grant a fundamental role to the private sector's participation in its achievement, which is more important than ever before in this scenario.

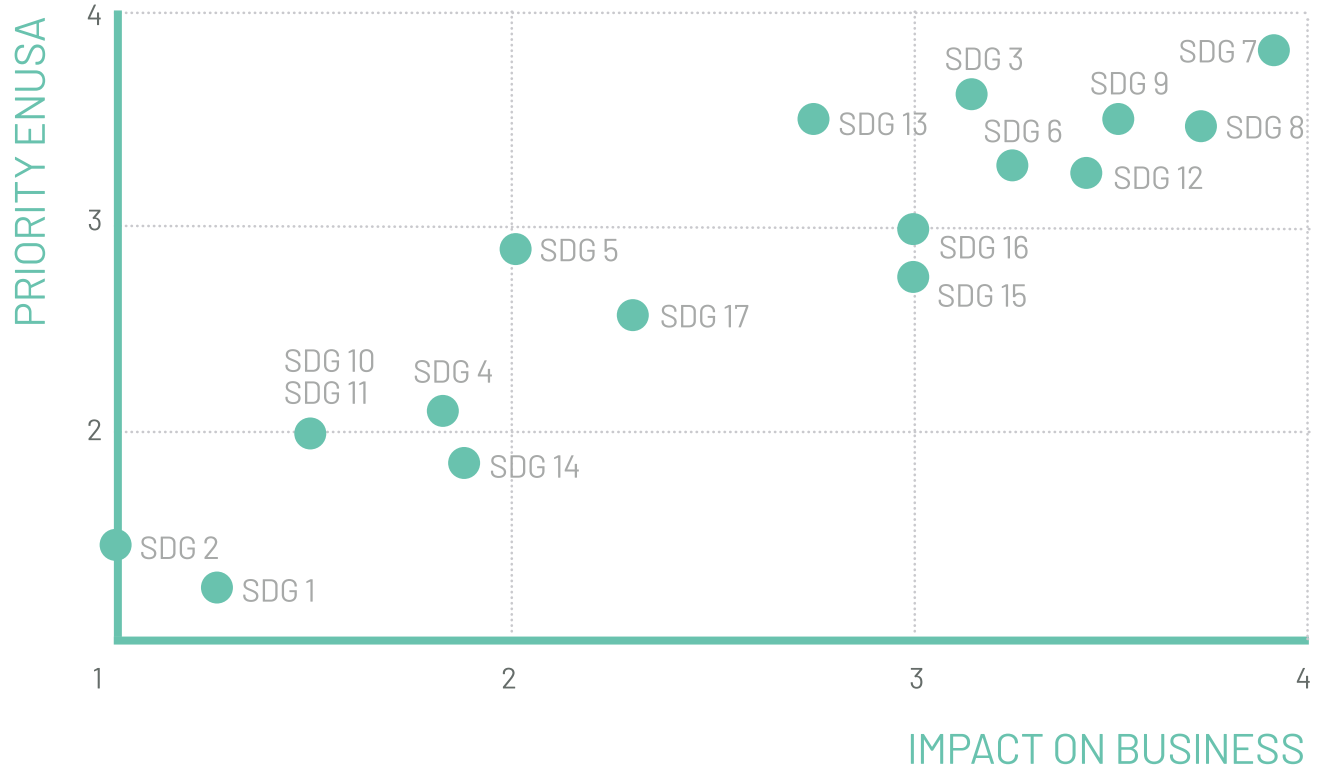
In 2018 it is important to highlight ENUSA's entry in Forética's Social Responsibility Action Group for public companies, which aims to encourage the exchange of knowledge, lend visibility to success stories, transfer tools and trends and contribute positively to the leadership of public companies in this field.

The 26 members of the Group worked together throughout the year to draw up a roadmap for integrating the SDGs into the strategy. At ENUSA, the first step was taken by carrying out a materiality analysis that seeks to identify which objectives and goals it has the ability to influence and on which it wants to focus its future strategy and projects.

The following SDGs have been prioritized according to the materiality analysis due to their impact on business and priority for ENUSA:

- **SDG 7**
  Affordable and Clean Energy.
- **SDG 8**
  Decent Work and Economic Growth.
- **SDG 9**
  Industry, innovation and infrastructure.

This analysis has also provided an opportunity to reflect on the SDGs to the achievement of which we currently contribute indirectly through various actions and initiatives, especially those related to CSR/social action.



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Main Economic Quantities

Main Economic **Quantities** of the ENUSA Group

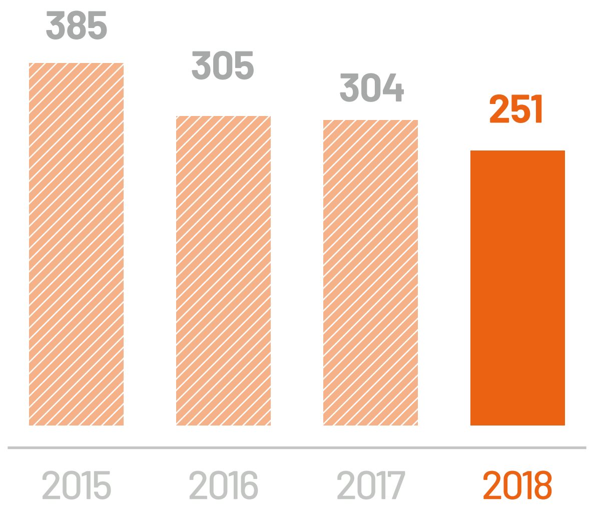
	2015	2016	2017	2018
TURNOVER	**385**	**305**	**304**	**251**
- Rendered services	46	48	44	47
Amortizations and provisions	15	12	13	16
Before-tax profits/loss	14	12	13	4
AFTER-TAX P&L	**11**	**10**	**12**	**4**
Net intangible fixed assets	38	37	35	35
Net tangible fixed assets	43	42	44	44
Net worth (excluding profit/loss of the year)	113	113	109	111
Financial indebtedness				
- Long-term debts	173	172	130	19
- Short-term debts	92	91	99	184
Creditors	67	123	98	76
TOTAL ASSET/NET WORTH & LIABILITIES	**534**	**586**	**522**	**470**

Million euros

STAFF	**726**	**735**	**748**	**780**

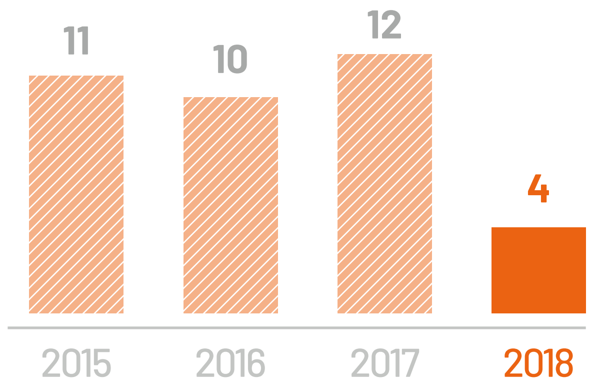
TURNOVER

*Million euros



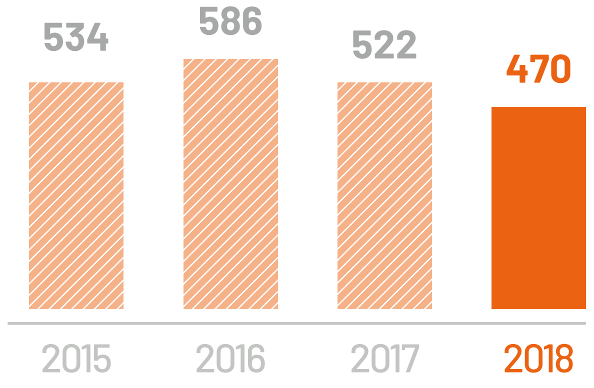
AFTER-TAX P&L

*Million euros



TOTAL ASSET/ NET WORTH & LIABILITIES

*Million euros



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Main Economic Quantities of ENUSA Industrias Avanzadas, S.A., S.M.E.

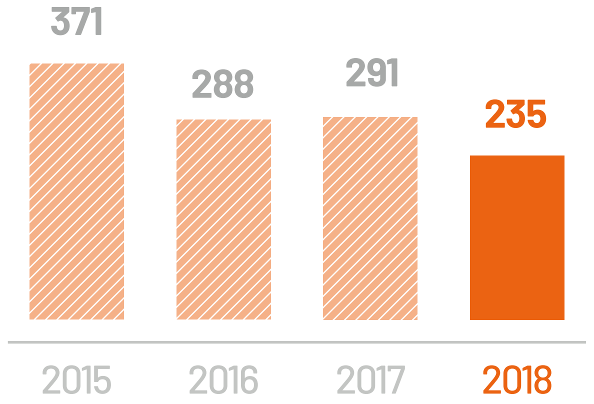
	2015	2016	2017	2018
TURNOVER	**371**	**288**	**291**	**235**
- Services rendered	32	31	31	32
Amortizations and provisions	14	11	12	16
Before-tax profits/loss	13	12	14	3
AFTER-TAX P&L	**10**	**10**	**12**	**4**
Net intangible fixed assets	38	37	35	35
Net tangible fixed assets	39	39	42	42
Net worth (excluding profit/loss of the year)	92	92	88	89
Financial indebtedness				
- Long-term debt	173	172	130	19
- Short-term debt	92	91	99	184
Creditors	64	121	95	73
TOTAL ASSET/NET WORTH & LIABILITIES	**508**	**560**	**497**	**444**

Million euros

STAFF	**630**	**635**	**646**	**673**

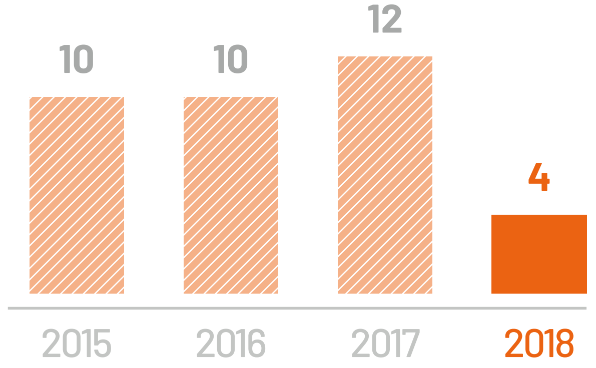
TURNOVER

*Million euros



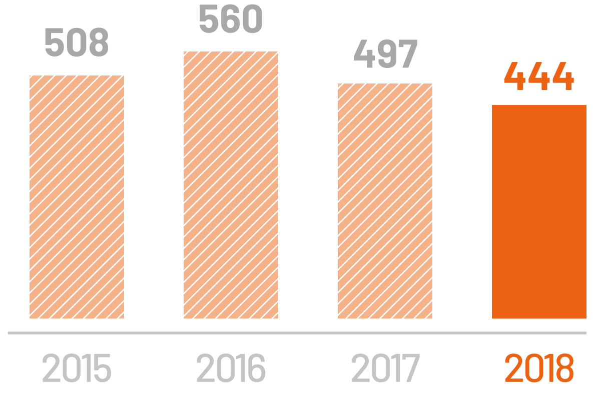
AFTER-TAX P&L

*Million euros



TOTAL ASSET/ NET WORTH & LIABILITIES

*Million euros



ITEMIZED SALES

	SUPPLY	FUEL	ENVIRONMENT	TOTAL
SERVICE	0	23	8	31
SALES	125	79	0	204
TURNOVER	**125**	**102**	**8**	**235**

Enusa Group Structure

ENUSA INDUSTRIAS AVANZADAS, S.A., S.M.E.
(PARENT OR CONTROLLING COMPANY)

SHAREHOLDERS
60% SEPI
40% CIEMAT

CORPORATE HEADQUARTERS & CENTRAL SERVICES
Santiago Rusiñol, 12.
28040 Madrid
(+34) 913 474 200; Fax: (+34) 913 474 215

JUZBADO FUEL ASSEMBLY FACTORY
Carretera Salamanca-Ledesma, Km. 26;
37115 Juzbado (Salamanca)
Teléfono: (+34) 923 329 700; Fax: (+34) 923 321 369

SAELICES EL CHICO CENTER
Carretera Ciudad Rodrigo-Saelices, Km. 7;
37592 Saelices el Chico, Ciudad Rodrigo (Salamanca).
Teléfono: (+34) 923 461 139; Fax: (+34) 923 481 060.

BUSINESS AREAS
Enriched uranium management and supply.
Fuel assembly manufacturing. In-plant services.
Environmental area.

STAFF AT 31 DECEMBER 2018
673 employees

FINANCIAL INVESTMENTS

COMINAK 10%
(1973)
Republic of Niger
Uranium mining extraction

INDUSTRIAL INVESTMENTS

ETSA 100%
(1996)
Hazardous material transport

Staff: 46

Ctra. C-517
Salamanca-Vitigudino Km. 0.7
37009 Salamanca
Phone: +34 923 330 980
e-mail: transport@etsa.es

CETRAMESA 10%
(2006)
Development of logistics and transport in Salamanca and western Castilla-León

Ctra. C-517
Salamanca-Vitigudino Km. 0.7
37009 Salamanca
Phone: +34 923 330 500
e-mail: cetramesa@cetramesa.com

ENVIRONMENTAL INVESTMENTS

EMGRISA 99.62%
(2003)
Treatment of contaminated soil
Industrial waste & discharge management

Staff: 61

C/ Santiago Rusiñol 12
28040 Madrid
Phone: +34 91 411 92 15
e-mail: info@emgrisa.es

Investments in other enterprises or companies:

50% **REMESA**
30% **CETRANSA**
100% **GESTIÓN Y PROTECCIÓN AMBIENTAL, S.L**

FUEL AREA INVESTMENTS

GENUSA 49%
(1996)
Fuel supply to European BWR nuclear power plants and engineering services

C/ Josefa Valcárcel, nº 26
28027 Madrid
e-mail: jjs@enusa.es

ENUSA-ENSA AIE 50%
(1995)
PWR fuel assembly repair.

Services related to the reactor core and its components.

C/ Santiago Rusiñol, 12
28040 Madrid
Phone: +34 913 474 200

SNGC AIE 25%
(2008)
Commercial promotion of products and services for nuclear power plants in China and South America.

C/ Santiago Rusiñol, 12
28040 Madrid
Phone: +34 913 474 200

Data updated at 31 December 2018

The ENUSA Group is composed of the Parent or Controlling Company (ENUSA Industrias Avanzadas, S.A., S.M.E.) and its investee companies.

Report Parameters

Report Profile

SCOPE AND COVERAGE

"This report has been prepared in accordance to the GRI standards; comprehensive option", and although it is issued as a separate document, forms part of the 2018 consolidated management report of the ENUSA Group by virtue of the provisions of Law 11/2018, of 28 December, amending the Commercial Code, the consolidated text of the Capital Company Act approved by Royal Legislative Decree 1/2010, of 2 July, and Law 22/2015, of 20 July, on Account Auditing, in matters of non-financial information and diversity.

Since 2007, ENUSA Industrias Avanzadas, S.A, S.M.E., has been preparing its annual Sustainability Report following the guidelines of the Global Reporting Initiative (GRI), the main international standard for Corporate Social Responsibility reporting (http://www.enusa.es/sala-de-prensa/publicaciones/memorias-anuales/). However, although have always tried to comply as far as possible with these recommendations regarding the data available for the rest of invested companies, this is the first report to extend its scope to invested or subsidiary companies. Thus, in 2018 information relating to Empresa para la Gestión de Residuos Industriales, S.A., S.M.E, M.P. is consolidated. (Emgrisa) and Express Truck S.A.U., S.M.E. (ETSA).

This report has been subject to external assurance by an independent entity.

In view of the level of maturity of the ENUSA Sustainability Reports, the Comprehensive Option has been used to prepare this report. Therefore, this document includes information on all the contents of the GRI 102 (General Contents) and of all the GRI themed standards (Series 200, 300, and 400) that correspond to material topics.

This report has been subject to external assurance by an independent entity. The Assurance Report issued by this entity can be found at the end of this document. Likewise, the section on "Economic Performance" has been audited by another entity, and there is no relationship between one audit process and the other.

All the data and GRI indicators provided in this report have been prepared in accordance with the same valuation and calculation methods used in previous annual reports, thus ensuring that their evolution over the last four years can be properly analyzed. If any significant change occurs that should be taken into account for proper interpretation of the information on any indicator, this change is duly indicated with table/chart footnotes or, as the case may be, in Appendix II.

MATERIALITY ANALYSIS

In order to determine the material topics and, consequently, the Annual Report contents, a materiality analysis was carried out in the framework of the 2015 Annual Report and was broadened during the preparation of the 2016 Annual Report. During 2017, this materiality analysis was adapted to GRI Standards:

1. Establishment of the initial topics list

The first step of the process was to define the "material topics" concept in accordance with the two types:

1. Topic that reflects social, environmental and economic impacts of the company.
2. Topic that influences the decisions of stakeholders.

Once the concept of "material topics" was defined, the topics of GRI were established as the baseline for the materiality analysis, i.e. as initial list of potentially material topics, the GRI topics.

2. Internal and external prioritization

In order to determine the material topics in ENUSA, the initial list of topics was then subjected to both an internal prioritization (by the members of the Executive Committee) and external prioritization (by the representatives of the following stakeholders: customers, partners, suppliers, regulatory bodies and Public Administrations). For this purpose, they were given a questionnaire and asked to identify the topics they consider relevant for ENUSA and that, accordingly, should be included in the Annual Report, and to score each of them on a scale from 1 to 4 (where 1 is not very important and 4 very important).

3. Review and validation

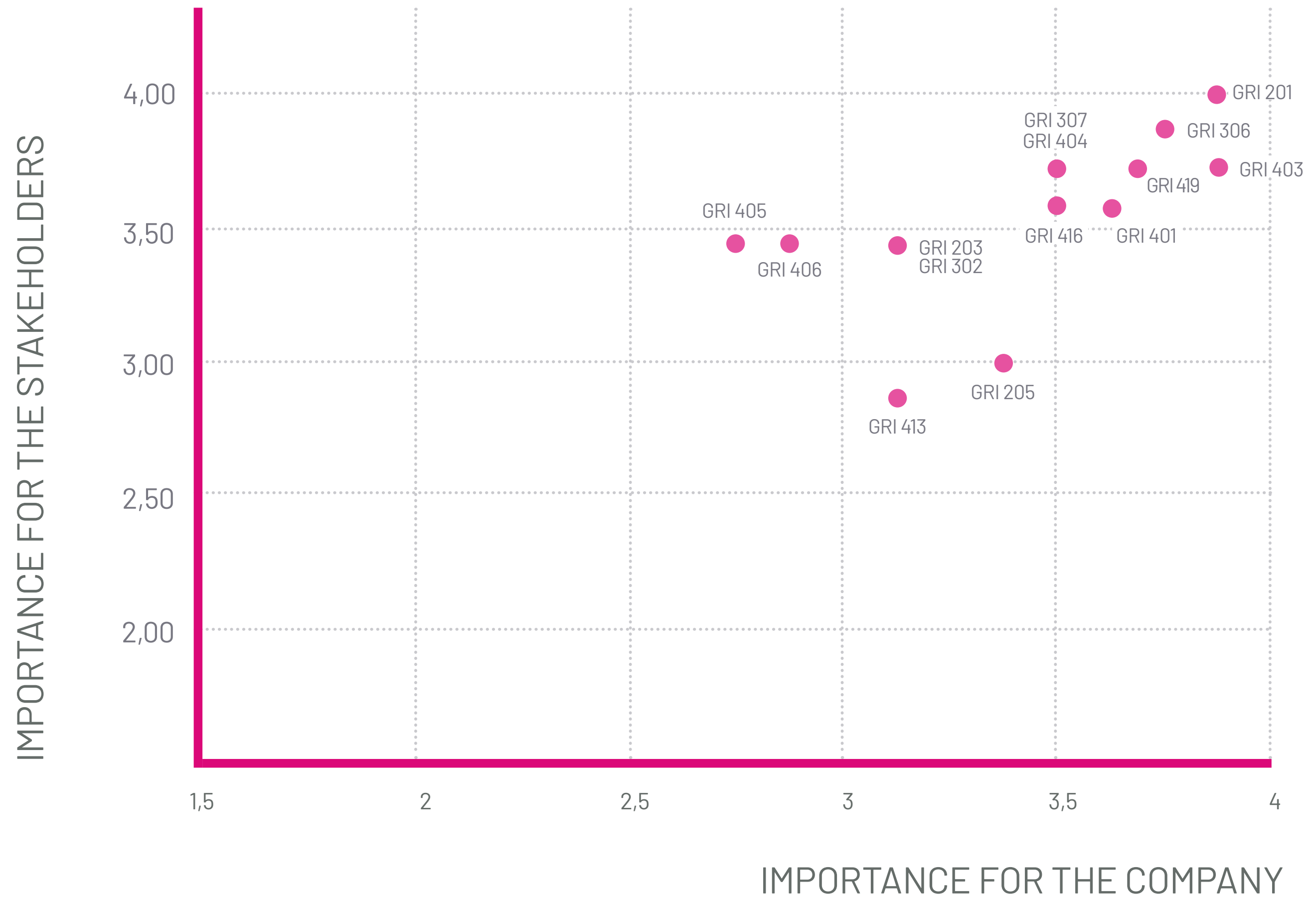
The results of the questionnaires were reviewed and appraised by the Corporate Social Responsibility and Continuous Improvement divisions. The arithmetic mean and the typical deviation of the results were calculated for each of the groups (internal and external). To make the analysis more consistent, the criterion for selecting the material topics was the confluence in the same topics of a high arithmetic mean and a low typical deviation, such that the resulting material topics not only have a high score but also all the respondents coincide in attaching great importance to them.

In order to reflect the materiality of the Group, this analysis has been completed with the identification of the relevance of each of these topics in the subsidiaries by members of the management team.

Consequently, the material topics resulting from the materiality analysis of the ENUSA Group are as follows:

GRI Standard	Material topic	Coverage
ECONOMIC		
GRI 201	Economic Performance	ENUSA, Emgrisa and ETSA
GRI 203	Significant indirect economic impacts	ENUSA - Juzbado
GRI 205	Anti-corruption	ENUSA
ENVIRONMENTAL		
GRI 302	Energy	ENUSA - Juzbado /Saelices
GRI 306	Effluents and waste	ENUSA - Juzbado /Saelices
GRI 307	Environmental compliance	ENUSA - Juzbado /Saelices and Emgrisa
SOCIAL		
GRI 401	Employment	ENUSA, Emgrisa and ETSA
GRI 403	Occupational health and safety	ENUSA and Emgrisa
GRI 404	Training and education	ENUSA
GRI 405	Diversity and equal opportunity	ENUSA and ETSA
GRI 406	Non-discrimination	ENUSA
GRI 413	Local communities	ENUSA - Juzbado
GRI 416	Customer health and safety	ENUSA and Emgrisa
GRI 418	Customer privacy	ETSA
GRI 419	Socioeconomic compliance	ENUSA

MATERIALITY MATRIX ENUSA



STAKEHOLDER ENGAGEMENT

The ultimate purpose of this report is to provide relevant, rigorous and accessible information to all of the ENUSA Group stakeholders and in general to any person interested in the activities carried out.

The following table shows a breakdown of the ENUSA stakeholders and their level of priority for the organization.

	PRIORITY		
Shareholders	HIGH		
Regulatory Organizations	HIGH		
Public Administration	HIGH		
Staff			
Staff	HIGH		
Workers' committees	HIGH		
Technological			
Partners	HIGH		
Business	HIGH	MEDIUM	
Customers	HIGH		
Suppliers	HIGH	MEDIUM	LOW
Society			
Local communities	HIGH		
Trade unions	HIGH		
NGOs and civil organisations	HIGH	MEDIUM	
Associations & foundations	HIGH	MEDIUM	LOW
Professional associations & organizations	HIGH	MEDIUM	LOW
Academic institutions	HIGH	MEDIUM	
Media	HIGH	MEDIUM	

The stakeholders shown here correspond to general categories. In certain cases, because of their importance, the categories have been broken down (e.g., partners). In other cases, because of the breadth and range of collectives covered by the general category (e.g., suppliers), more than one level of priority is shown. The prioritization of stakeholders is based on their specific weight, the frequency of interaction and how critical they are for the organization.

The various channels of communication maintained with the stakeholders are specifically dealt with in the paragraph on "Communication with our Stakeholders" in the Social Performance section.

Nevertheless, in the following table, the means and frequency of participation of each stakeholder is summarized:

STAKEHOLDER	CHANNEL	FREQUENCY
SHAREHOLDERS	– General Shareholder's Meeting – Board of Directors – Annual Operative Plan (AOP) – Annual Management Evaluation – Periodic meetings – Corporate reports – "ENUSA Nuclear Fuel" Newsletter	VERY HIGH
REGULATORY BODIES	– Liaison Committee – Inspections – Periodic working meetings – Periodic information – Information request assistance – Satisfaction surveys – Institutional meetings – "ENUSA Nuclear Fuel" Newsletter	VERY HIGH
PUBLIC ADMINISTRATION	– Satisfaction surveys – Information request assistance – Institutional meetings – Bilateral meetings with mayors – Annual meeting with mayors	HIGH
HUMAN CAPITAL	– Report/suggestion channel – Welcome manual – Corporate Intranet – Bulletin boards – relin@enusa.es Email – "Comunicación Interna" Email – ENU-Agenda – Group meetings	VERY HIGH
PARTNERS	– Coordination meetings – Joint improvement projects – Period technical publications – Conferences, exhibits and fairs – "ENUSA Nuclear Fuel" Newsletter	VERY HIGH
CUSTOMERS	– B2B customer portal – Annual meetings – Project start-monitoring-closing meetings – Satisfaction surveys – Technical committees and working groups – Period technical publications – Conferences, exhibits and fairs – "ENUSA Nuclear Fuel" Newsletter	VERY HIGH
SUPPLIERS	– Periodic meetings – Evaluations – Bids and contracts – State Contracting Platform – Code of Suppliers	VERY HIGH
SOCIETY	– Corporate Website – Corporate reports – Twitter – Corporate communications	VERY HIGH
PROFESSIONAL ASSOCIATIONS & ORGANIZATIONS	– Participation in national and international technical committees and working groups. – Attendance of Conferences and sectoral meetings	HIGH
ACADEMIC INSTITUTIONS	– Participation in technical committees and working groups – Attendance of Conferences and sectoral meetings – Period technical publications	HIGH
MEDIA	– Email/Website – Press releases – Media Planning Meetings – Twitter – Forums	HIGH

As commented above, representatives of the following stakeholders took part in the process to determine the material topics for the Annual Report: customers, partners, suppliers, Regulatory Bodies and Public Administrations. As a result of this engagement, the stakeholders identified the following key issues further to those provided in GRI Standards:

PARTNERS	– Intellectual Property – Crisis Management – Mechanisms to internally report integrity violations – Operating experience management – Benchmarking – Excellence in operations (Vision and Mission) – Technological development (added value) – Balance between personal performance in relation to targets and wage raises, etc. (in this case ENUSA materiality) – Knowledge transfer – Management of lessons learned and corrective programs – Investment in Technological Development and Innovation – Contribution to the level of exports in Salamanca – Percentage of Permanent Labor Contracts
P.A.	– Participation in comprehensive development projects of the immediate environment of the centers that have productive activity, with special attention to the municipalities where these centers are located. – Contribution of labor activity (employment) to the environment of the productive centers, with evaluation of the positive impact against depopulation of the affected rural areas. – Participation in one-time projects (social, cultural, sports, etc.) that positively influence revitalization and improved quality of life for the people who live in the immediate environment of the productive centers, with special attention to the municipalities where these centers are located. – Evaluation of the implication with the aforesaid environment as regards the company's exterior image (environmental marketing, cultural promotion, etc.): degree of exploitation of the environment's local resources as support for achieving a positive image. – Implication/generation of environmental projects in the aforesaid environment on: landscape reclamation, biodiversity development/recovery, reclamation of degraded spaces (gravel pits, slagheaps, landfills, etc.).

The two tables below summarize stakeholder participation in the ETSA and Emgrisa subsidiaries:

EMGRISA

Stakeholders	Participation	Key Topics	Response
PRIORITIES			
Owners	Regular and on-demand reports and meetings	Business Continuity	Creation of a strategic plan
Employees	Quarterly meeting	Collective negotiation, occupational safety and health	Collective negotiation and partial agreements
Customers	Regular and on-demand reports and meetings	Quality response on time and within budget, new needs	Improved service offer, changes in operational structure
IMPORTANT			
Public bodies	On demand	Compliance with application requirements	Changes in the organization's operations and investment in resources
Suppliers and partner companies	Daily	Quality response on time and within budget	Maintenance and improvement of commercial relations
PERMANENTLY IDENTIFIED			
Environment	Daily	Improvement of significant environmental aspects	Objective programme, awareness-raising campaigns and promotion of new technologies
Competitor companies	Participation in forums and associations	Cooperation	Active participation in forums and associations
Media	Internet and social media	Corporate image	Investment in online and social media communications

The identification starts from a general base, with respect to which factors are chosen according to their typology (whether internal or external to the company), their relationship (whether inevitable or avoidable) and the scope in which they are framed (legal, economic, social, environmental, etc.). The final selection is made based on dependency criteria and the risk associated with their management.

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ETSA

Stakeholders	Interests	Documents to be distributed	Frequency	Communication Channel
INTERNAL				
Board of Directors	Compliance with legislation, occupational safety, compliance with instructions and guidelines, quality and environmentally responsible services, good reputation, market consolidation	SEPI Documents	Quarterly and Annual SEPI Directives	Direct communication with those in charge
ETSA Management	Compliance with instructions and guidelines, processes optimization, qualified personnel in continuous training, continuous improvement, anticipating customer demands	SEPI Documents and ENUSA Group Documents	Call for boards of directors and management meetings	Meetings / e-mail
Employees	Job stability, training and retraining, protocolised processes, work climate, feedback and assessment, work-life balance, Occupational Risk Prevention (ORP)	Welcome Manual	At the beginning of employment	To be submitted and commented
EXTERNAL				
Customer	Company lifespan, punctuality/compliance with deadlines, availability of staff, advice quality, ease of communication, service quality, reduced environmental impact	Quality and Environmental Policy published on the ETSA website and on the Public Sector Contracting Platform (PCSP)		
Suppliers/ Subcontractors	Company continuity, relationship with the "ETSA Brand", continuous training and advice, compliance with payment deadlines, company growth	Quality and Environmental Policy Applicable IOs Flowchart		Type-approval system and order sent by post or e-mail
Society	Personal growth, decrease in unemployment rate, environmentally friendly, compliance with ORP, minimisation of incidents	Quality and Environmental Policy		Published on the ETSA website and on the PCSP platform
Public Administration Agencies	Legal restrictions/limitations as public company, contracts/bids	Quality and Environmental Policy		Published on the website
Final addressees	Information, communication	Policy		Published on the website
Regulatory bodies	Legal compliance, minimising the adverse effects of working with ionising radiation	Policy		Published on the website

Economic
Performance

Index

1. Parent Company
Activity and Purpose

ENUSA Industrias Avanzadas, S.A., S.M.E. (hereinafter ENUSA or the Parent Company) is a public enterprise 60% owned by the Sociedad Estatal de Participaciones Industriales (SEPI), which is attached to the Ministry of Finance, and 40% by the Centro de Investigaciones Energéticas, Medioambientales y Tecnológicas (Ciemat), which in turn is attached to the Ministry of Science Innovation and Universities.

The main purpose of ENUSA is to meet its customers' expectations with first- rate, safe and competitive products. The company is aware that technology, research, development and innovation are essential elements for positioning itself and competing on the market.

The mainstays of the company are the safety of its industrial facilities and the protection of the environment, as well as quality and corporate responsibility. It also understands that to achieve management excellence it has to reinforce and improve its dialogue with its stakeholders, paying special attention in those areas where it operates, encouraging social and economic development.

ENUSA structures its activity in two main business sectors: the nuclear industry and the environment.

NUCLEAR BUSINESS

This is the traditional core business of the company. It basically consists of supplying enriched uranium to meet the demand from Spanish nuclear power plants, operating as a central purchasing agent for the electricity companies in our country. It also includes the design and manufacture of nuclear fuel in its Juzbado factory (Salamanca) for national and foreign power plants. ENUSA also offers engineering services for all matters related with the management and optimization of fuel use within the reactor and other services in areas such as inspection, repairs, handling of fresh and radioactive fuel, supporting the running of the nuclear plants in dealing with spent fuel and providing support for the National Company for Radioactive Waste, S.A., S.M.E., M.P. (Enresa) in managing the operating waste from nuclear facilities and in dismantling them.

Currently, following the disinvestment of the minority financial stake in the European uranium enrichment consortium EURODIF, in June 2017, it has a stake in COMINAK, the owner of a uranium mine and uranium concentrate plant located in the Republic of Niger. It has taken the steps required to disinvest in this company, which will happen in the coming years.

On the other hand, because of ENUSA's experience in the nuclear field and its great technological potential, the company owns another company related to the nuclear business – Express Truck, S.A.U., S.M.E. (ETSA), which transports the nuclear material necessary for the Juzbado factory to run and supplies the different clients of ENUSA with nuclear fuel alongside other important activities such as the logistics for supplying isotopes for nuclear medicine.

ENVIRONMENTAL BUSINESS

Thanks to its long record in mining operations, ENUSA has gained extensive environmental know-how. Its Technical Environmental Office is staffed by technicians working on environmental management projects informed by this extensive knowledge and experience.

This Office has carried out activities involving the reclamation of land affected by mining, the construction and closure of landfills, radiation protection services and the development of new energy applications such as biogas and other environmental R&D and Technological Innovation projects.

ENUSA's environmental actions have been expanded with the Solid Urban Waste processing plant in the North Castellón Zone and the subsidiary company for Industrial Waste Management, S.A., S.M.E., M.P. (Emgrisa) which specializes in processing industrial waste and the processing and classification of soil and water.

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2. Description of the Parent Company Activities

2.1. URANIUM SUPPLY BUSINESS UNIT

The uranium market has shifted considerably in 2018 from a downward trend in the early months of the year to an upward trend towards the end.

At the start of the year, it seemed likely to continue falling as a result of the Fukushima accident and the more or less complete stoppage of Japanese reactors.

Weak demand and overproduction continued as the main reason for this market imbalance. In the case of demand, the slowdown of the nuclear program in China, the delay in restarting the reactors in Japan and the accumulation of stocks in recent years all meant that this was not enough to revive the market.

A string of events took place throughout the year, however, that have turned this trend in the uranium market around. We can point out that mining companies in the U.S. Requested market protection from the low cost of imports, "Section 2.3.2." Also, at the end of July, Cameco, one of the world's main producers of concentrated uranium, announced that it would be suspending production at the Canadian mine of McArthur River on a permanent basis until the uranium market revived. This announcement, along with the appearance of a new investment fund on the market which bought up uranium over the summer, meant that the price on the spot market started to pick up. It is also important to note that Kazakhstan, the world's largest producer, lowered output in order to drive prices up by 20%.

Besides closing its mine, Cameco was also actively purchasing supplies for its commitments on the market, which also had an influence on the rise in the price of uranium.

The change in prices in the market for conversion services was even more radical, doubling over the course of the year. The reason is similar to that of concentration: the company Converdyn suspended production at its Metropolis plan (U.S.) and began purchasing instead, pushing market prices up.

The situation for enrichment services could be defined as one of overproduction, which forces prices to be low but stable, with vary little variation in this trend over the course of the year.

In 2018, the Spanish nuclear reactors of Almaraz I, Ascó I, Ascó II and Trillo I were all supplied with enriched uranium for the manufacture of fuel elements. All these supplied were delivered on time and as ordered.

In 2018, ENUSA set up a work group to assess and prevent any consequences to the supply of uranium and services from "Brexit". Joint meetings were held on this issue with the Ministry of Energy, Tourism and Digital Agenda (MINETAD) - currently the Ministry for Ecological Transition (MITECO) - to prepare contingency plans for the departure of the United Kingdom in March 2019. A number of programming decisions were made internally to prepare for the consequences of a so-called "No deal Brexit".

The Supply business has been involved in other activities that give added value to the customers. Among them, the exchange of uranium, avoiding transportation and insurance expenses, can be highlighted. A purchase contract has also been negotiated.

2.2 FUEL BUSINESS UNIT

The impact from news about the restructuring of the main technology and nuclear fuel providers, principally Framatome and Orano, continued in 2018 as a consequence of the reorganization of the Areva and Westinghouse group after it emerged from the administration process in which it was immersed, and which resulted in it changing ownership from Toshiba to Brookfields.

There has also been significant restructuring in the company General Electric (GE), which has affected its nuclear business, under the responsibility of GE Hitachi Nuclear Energy (GEH) following the damage to its business caused by the closure of the Japanese BWR plants and the oldest plants in Europe and the U.S. GE's nuclear business no longer forms part of the domain of GE Power's business and is pending decisions to made by the holding company in the future.

With all these uncertainties the current leader in the nuclear plant supply is the Russian company Rosatom. Within this group, the fuel company TVEL has continued its strategy of penetrating the European market for PWR design fuel for light water reactors, following its first contract with Vattenhall to supply recharges for the Ringhals 3 and 4 plants. For its part, TVEL retains its monopoly in the supply of VVER-400 fuel worldwide, and is strongly involved in the VVER-1000 design. ENUSA teamed up with Westinghouse as leader in 2018, to take part in a tender to supply VVER-440 design fuel to the nuclear facilities of Slovakia. The tender was finally awarded to TVEL with a long-term contract that reinforces the monopoly situation in relation with this technology.

In the European fuel market the importance of the offer over the demand continues to grow due to closing of nuclear plants (NPPs) in Germany, Sweden and Switzerland, as foreseen, and to the delay of the new construction projects in Finland (Olkiluoto), France (Flamanville) and United Kingdom.

Specifically, a tremendous imbalance is being produced in the BWR technology with three active suppliers (Framatome, Westinghouse, GE) and an offer being reduced from 300 tonnes of uranium per year (tU/year) to nearly 150 tU/year in the immediate future.

The most outstanding event of 2018 was the adjudication of recharges for the Swedish nuclear plants of Vattenfall and the Finnish ones of TVO. The winner in both tenders for BWR technology was the company GENUSA, which has become European leader in this technology for the foreseeable future. In the case of the contract for the Olkiluoto nuclear plant, there is a long-term agreement (20 years, until 2038) which represents a stable workload of BWR fuel production for the Juzbado factory.

As regards the Spanish market, the most important event was the signing of a contract to supply fuel and services for the 5 PWR, with a total of 24 recharges up to the year 2027. This contract is a milestone in ENUSA's commercial achievements as the most important contract signed by the company to date.

The electricity utilities (Iberdrola, Endesa and Naturgy) that own the nuclear plants and their operators are continuing their assessments to make decisions on the continuity of the operation beyond 40 years of life. They will have to take decisions in 2019 about requesting operating licenses for those reactors that have to start this process.

Another significant aspect is the processing of spent fuel and the future of the Temporary Central Storage (ATC in Spanish), which is partially paralysed and waiting for a decision by the Spanish government.

Throughout the year 2018 the following actions have been carried out:

- The strategy department has signed an agreement on intentions with Equipos Nucleares, S.A., S.M.E. (Ensa) and Tecnatom to develop their joint capacity in the field of operating waste processing and dismantling nuclear facilities. The first opportunities for Garoña in the Spanish market have been detected, and for Laguna Verde in Mexico in the international market.
- An agreement has also been reached with Global Nuclear Fuel (GNF) to extend the Joint Venture Agreement and license of GENUSA to the end of 2024. The most notable aspects of this agreement are the distribution and scope of the recent contracts awarded by Vattenfall and TVO and the introduction of the role of director, with functions and responsibilities, to be performed by a person from ENUSA. It is also worth mentioning that the possibility of manufacturing BWR type fuel from other technologists (Westinghouse or Framatome) by the Juzbado factory is admitted for other potential clients in case of need.
- In terms of PWR sales, individual contracts have also been signed with the nuclear plants of Ascó, Almaraz and Vandellós for the supply of fuel and other associated services. The first recharge for the Almaraz nuclear plant under the new contract will be carried out in 2019.
- In the area of engineering, there has been an important effort focusing on operating support of the French, Belgian and Spanish NPPs as a consequence of new product introduction, life extension and operating flexibility that they demand.
- As for the Juzbado fuel assembly factory, the following is of note:
  - The requirements of the Complementary Technical Instructions and the commitments acquired with the Nuclear Safety Council (CSN) were fulfilled in due time and form in 2018 as a result of the renewal of the Permits for Manufacture, Exploitation and Physical Protection granted in 2016 by the Ministry of Energy, Tourism and Digital Agenda (MINETAD).
  - In this period the NSC carried out 62 plant inspections, 22 for the basic plan and 40 under the strengthened inspection plan. In this period, as the result of an inspection, the NSC began a sanctions procedure for what it saw as a breach of the fire prevention rounds. After the presentation of allegations, the Ministry of Ecological Transition (MITECO) classified it as a mild infraction.
  - Production reached the equivalent of 276.3 tonnes of uranium (tU), with is 9.7 tU lower than the target set. The problem of enrichment in the supply of the second uranium conversion on the part of our supplier SFL should also be mentioned, along with the shortage of staff associated with the administrative approvals for replacing employees.
  - Investment in the plant in 2018 reached 3.339 million euros (€M), which is less that expected due to delays in several projects. The amount of orders made but not invoiced stands at €1.085 M.
  - The ventilation and extractor units numbers 14 and 15 were replaced in accordance with the established plan and we are currently waiting for the final tests with the units operating. This project is a part of the renovation plan of this safety system. This action brings the number of units replaced to 6 and the design of the rest has finished.

- As regards significant innovations in manufacturing, the project for the high-speed passive scanner which is to replace the active scanner and thereby eliminate the risk in the californium market is worth noting, as it improves the safety of the facility which no longer has to handle sources of neutrons. The machine is in the final testing stages ready for formal classification. The technological complexity of this project means that it is expected to be brought online in the summer of 2019.
- Several improvements in processing, inspection, system equipment and facilities have been performed.
- The implementation of the new maintenance management system should be noted, as the system is better suited to the plant.
- The internal dosing system for employees with biotesting is fully implemented, provided by the two approved suppliers in Spain, which are Ciemat and Tecnatom.
- The program of waste shipments to El Cabril continues. In this year 81 casks were sent to Enresa.
- The process of licensing the declassification in the NSC is continuing.
- The technical and administrative specification for accepting radioactive waste and the management of the activity for dismantling and closing the facility was concluded, together with Enresa.
- As regards the plan for energy improvement, this year has seen the barrier of 9,000,000 kilowatts/hour (kWh) broken.

- In the area of refuelling design, the contractual commitments acquired with Spanish and European customers with PWR and BWR technology have been fulfilled on time with the agreed quality and cost.
- In the central services area, the most outstanding development was the start of the EIG (Economic Interest Group) ENUSA/ENSA which has enabled its business activity to rise from €4M to nearly €9M. The areas where this EIG has been active centre on services of fresh and radioactive fuel, the handling of spent fuel and design engineering and licensing of containers. This area has also carried out the provision of fuel services for BWR technology in the Chinese market.

To face these challenges, ENUSA continues to consider technology and innovation as engines of its company's strategic growth and internationalization. This led to the start of the first projects that form part of the digitalization project for ENUSA, as approved by SEPI. The digitalization plan was created in October 2018 and sent to SEPI, for implementation during 2019 across all the departments of the company.

The annual investment in R&D&I programmes was slightly above €6M in 2018, and focused mainly on the development of equipment for the manufacture, inspection and preparation of fuel, the creation of design methods and development of accident tolerant fuel (ATF) with Westinghouse.

At the end of 2018, a proposal was made to the main shareholder SEPI to include 10 new projects, for the year 2019 in the areas of new methodologies, codes, basic research and inspection equipment.

NUCLEAR BUSINESS-RELATED INVESTMENTS

Express Truck, S.A.U., S.M.E.

Express Truck, S.A.U., S.M.E. (ETSA) was founded as a permanent limited company on 23 April 1996. The sole shareholder in the Company was ENUSA Industrias Avanzadas, S.A., S.M.E., so in virtue of the content of Legislative Royal Decree 1/2010, of 2 July, approving the revised text of the Companies Act, the Company is a sole proprietorship. The Company forms part of the SEPI group, which is headed by the Sociedad Estatal de Participaciones Industriales as the parent company.

ETSA is a global, multi-modal (land, sea and air) transport company for dangerous goods of all kinds, specialising in radioactive, nuclear and explosive goods. It also transports chemical products and fuels, hazardous and non-hazardous waste.

ETSA offers all necessary and complementary services for the transport of this type of material:

- Specific studies of traffic and itineraries.
- Supply of packaging and validation of packages and loading instructions.
- Preparation of transport procedures and documents.
- Chartering of ships and planes.
- Management of civil liability and other type of insurance. Financial security certificates.
- Physical and radiological protection.
- Other related services.

In strict compliance with applicable national and international standards in accordance with an internal quality management and environmental protection system, because its goods are not only transported within Spain but also abroad, namely to the European Union and the United States.

The main clients of ETSA can be divided into three groups, including the following:

- Nuclear: ENUSA, ENRESA and Tecnatom.
- Radioactive: GE Healthcare, Perkinelmer, CURIUM, AAA (Novartis).
- Chemicals in tanks: Vertex Group and Maxam Group.

The situation of ETSA on 31/12/2018 is considered satisfactory, having achieved all its set targets.

The volume of business has increased by 22.38% compared with the previous year due to increased business in the nuclear medicine and tank lines. ETSA's overall margin has dropped slightly (11.11%) compared to the previous year (11.34%).

The Operating Income was 1,310,777 euros, which is 11.09% higher than Turnover.

Of note is ETSA's strong position in radioactive product logistics in general, nuclear medicine, radioactive waste and nuclear material.

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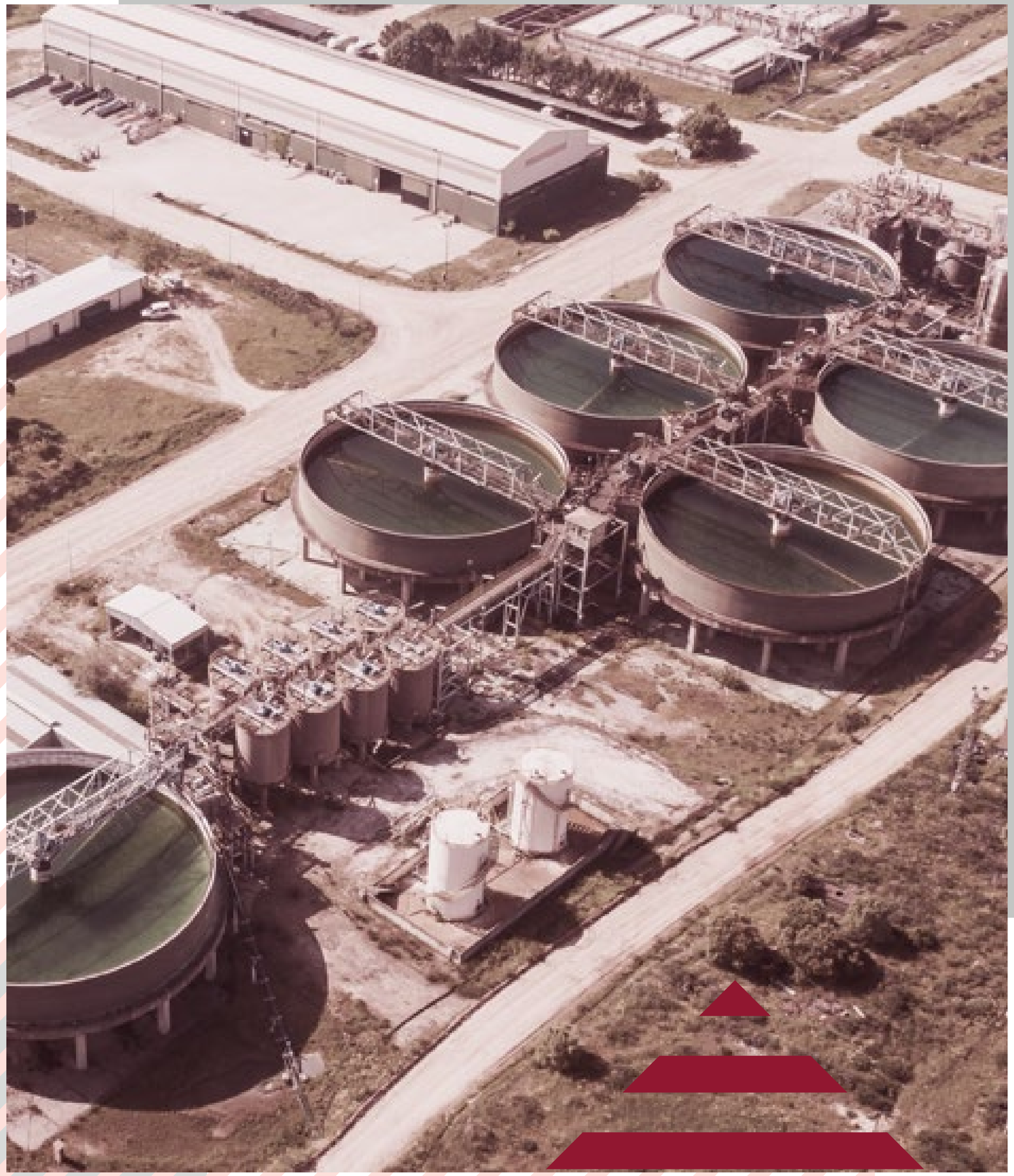
2.3 ENVIRONMENTAL BUSINESS UNIT

Saelices el Chico Centre

In 2018, the decommissioning activities at the Centre have continued, which are very conditioned by the existence of acid drainage in the mine, due to the presence of pyrite in rocks of the site, which pollutes the water. This is why the collection, storage and prior processing (chemical treatment in a neutralization plant, mainly with lime) of this water is necessary before it can be returned to the public water domain, in accordance with the current authorization granted by the Duero Hydrographic Confederation and the demands of the NSC.

As regards the elimination of contaminated water through passive systems based on artificial soils ("technosols"), the positive results achieved in pilot tests and the formation of reactive wetlands, and the tests for the correction of deep water, mean that we now need to expand the scale of the research.

This was the reason for work to start on the R+D project "Investigation and development of bioactive compounds based on technosols to prevent acid runoff from uranium mining" (TEKURA project) approved by the Centre for Industrial Technical Development in February 2017, with the relevant agreement signed in May of the same year. ENUSA appears as the owner and person responsible for the Project, working with the companies Emgrisa, Ciemat and the University of Santiago de Compostela (USC) as technological partner. In short, the Project aims to manufacture the technosols on site for application to a surface of 52 hectares,



spread over land recovered from the old Fe-1 mining facility where a small pilot plant would be built, which was finished in February 2018 and authorized by the relevant authorities in March of the same year.

At the same time as these actions, the different environmental supervision programmes were running normally for the structural and radiological issues of the site, as required by the relevant authorities (Ministry for the Ecological Transition, Government of Castile and Leon, the Duero Hydrographic Confederation and the NSC mainly).

The Quercus Plant was the subject of the publication by the General Directorate of Environmental Quality and Assessment (belonging to the current Ministry for Ecological Transition, MITECO) of the Resolution dated 9 March, with the Declaration of Environmental Impact of the Project "Phase I of the Dismantling and Closure of the Quercus Uranium Concentrate Manufacturing Plant in Saelices de Chico (Salamanca)" (Official State Bulletin 23 March).

Authorization for the first phase of the dismantling of the Quercus Plant is still pending. Changes in the NSC personnel responsible for this project are responsible for the delay in the assessment. The new incorporations to the NSC mentioned above have requested additional information besides what was originally requested and submitted, and meetings with the technical staff set for the first half of 2019, which will mean a new formal update of the documents submitted.

As regards collaboration with Enresa on shared decommissioning costs, the Framework Agreement, valid until 31 December 2019, relating to the dismantling, restoration and monitoring of uranium mining sites and facilities owned by ENUSA and co-financed by this company, remains in force.

As regards the restored location of the Lobo-G Plant (La Haba, Badajoz), closed since 2004, the Long Term Vigilance Programme in collaboration with the Environmental Office and Emgrisa will continue and be maintained until the body responsible for institutional monitoring of this type of facility has been defined.

The work included in the Vigilance and Maintenance Programmes for Old Uranium Mines of Casillas de Flores and Valdemascaño in Castile and Leon, which have been extended by the NSC without any clear date for termination will continue to be carried out in collaboration with the Environmental Office of ENUSA.

Technical Environmental Office

The Environmental Office has ceased to be a business unit and has reduced its human resources to focus on support work for other activities within ENUSA. These include the Centre of Saelices el Chico and the Biogas Generation Plan, which sells electrical power and supplies the Nuclear Fuel Factory of Juzbado with hot water.

Three lines of action should be mentioned In the context of the close cooperation with the Saelices el Chico Centre: first there is the collaboration with the Centre's technical staff in reviewing the documents required by the NSC for the dismantling and closure of the Quercus Plant; secondly the justification and monitoring of the TEKURA Project of using technosols to treat acid mine waters, carried out during 2018; finally, evaluation of the possibility of leasing land to the company Inderen, which is considering the construction of a solar energy plant on the site of Saelices el Chico, and with whom the preliminary agreements for starting the administrative authorizations have already been signed.

The most significant developments in the TEKURA project in 2018 were, first of all, obtaining of the authorization to treat non-hazardous waste for the Technosol Plant from the Government of Castile and Leon, followed by the justification of the first milestone in the R+D Project, which after the visit of the technical staff of the Centre for Industrial Technological Development (CDTI) paid at the end of the year the full amount of the reimbursable and non-reimbursable loan in the accounts of ENUSA.

Within its own projects, the ENUSA agro-animal and agro- industrial waste Biogas Plant in Juzbado (Salamanca) has continued, which has been operating uninterruptedly since early 2012. In this plant, anaerobic digestion of the wastes is used to produce biogas which supplies a cogeneration motor and/or boilers producing electric and thermal power, while the pollution load of the wastes is reduced. The effluents generated in the biogas plant have been used as agronomic products in the fields near the Plant.

In 2018, the Plant has treated a total of 9,142 tons of agro-animal and agro-industrial wastes (65% purines and 35% residue from beet and tobacco plants) and supplied a total of 1,033,194 kWhe to the electric power distribution grid, whereby at the end of 2018 an accumulated value of 13,898,535 kWhe has been dispatched to the grid.

On the other hand, since the new boiler system entered into operation in 2016 which works on the basis of biogas and natural gas, the biogas plant has supplied a total of 4,845,071 kWht to the Juzbado factory to meet this facility's HVAC and sanitary hot water needs, with 2,283,909 kWht being generated in 2018.

As regards the Plant, this year saw the signing of an agreement between Emgrisa and Enagás to assess the possibility of increasing the capacity for biogas production with the aim of injecting it into the biomethane supply. Emgrisa was able to rely on the technical support of the Office in this question.

In collaboration with the Juzbado Fuel Elements Factory, and in connection with the Replacement Project for the diesel boilers used in the facility's HVAC and Sanitary Hot Water system, the documents necessary for the Boiler Room to continue operating as normal were submitted to the Institute for Energy Saving and Diversification to support the subsidy granted for this project and which makes it possible for the facility to increase its profitability.

Similarly, close contact with Emgrisa has been maintained. This year two benchmarks stand out in the cooperation with the environmental affiliate: on the one hand, the collaboration in the TEKURA Project and the identification and supply of waste, and on the other, that start up of the delegated management for the operation and supervision of the Biogas Plant during the next two years.

As regards the LIFE Ammonia Trapping Project for recovering the ammonia from liquid (slurry and digestates) and gaseous effluents, which the Technical Office has been directly taking part in, this year has seen the necessary optimisation and transfer of the liquid prototypes to the Juzbado biogas plant to run the required tests in 2019. This three-year project, which has received 70% of its subsidy from the European Commission, is being carried out with the participation of the Agrarian Technology Institute of Castile and Leon (ITACYL), Valladolid University and three companies in the agro-livestock sector.

Castellón UTE-RSU

The temporary joint venture (UTE in Spanish) ENUSA-FOBESA VALORIZACIÓN DE RESIDUOS-A2A AMBIENTE handles the municipal waste from 49 municipalities in the north of the province of Castellón, referred to as Zone C1 in the Integrated Waste Plan of the Community of Valencia (PIRCV), using four facilities located in the province: the Processing and Recovery Plant for Solid Urban Waste (RSU) and Large Waste, and the Reject Repository, in the municipality of Cervera del Maestre, and the RSU Transfer Plants in the towns of Benlloch and Villafranca del Cid.

A total of 86,269 tonnes of waste were handled in 2018, 75,713 tonnes of which came from Zone C1 and 10,429 tonnes from Zone C2. These figures represent a decrease of 4% in comparison with the previous year due to a decrease in the input of waste from C2, so that if these rejects were not taken into account, that is, computing only those corresponding to Consortium C1, there would be an increase of 0.93%, with bulky waste and pruning being the wastes that have increased the most, as the increase in the remaining fraction plus the selectively collected organic fraction only increased by 0.48%.

126.62 tonnes of large waste also arrived from Alto Mijares in 2018, which belongs to the Zone C2 and was charged directly to the Regional Authority of Castellón at the request of the C1 Consortium.

Certain materials have been recovered from all these wastes, to achieve the objectives set by the PIRCV concerning recovery and recycling. A total of 12,633.30 tons have been recovered and 9,421.43 tons have been sold. It should be noted that more tons were sold than in the year 2017. However, the revenue from these sales were lower, due to the reduction of material prices in the secondary market.

Environmental investments

Empresa para la Gestión de Residuos Industriales, S.A., S.M.E., M.P. (Emgrisa)

The Industrial Waste Management Company (Empresa Para la Gestión de Residuos Industriales, S.A. S.M.E., M.P: Emgrisa) was founded in 1990 as an instrument of the Ministry of the Environment to achieve the objectives of the national plans for industrial waste and soil decontamination. Today it forms part of ENUSA Advanced Industries, included in the SEPI Holding, and its business activities fall entirely within the area of Environmental Services.

Emgrisa is an agent and technical service of the General State Administration and of other public-sector entities such as SEPI, ENUSA, Ciemat, Aena, Puertos del Estado, Renfe, Adif and Abra Industrial.

Since 2010 its condition as an agent of the entire public state sector has been increasing, being maintained in 2018.

The management activities of industrial waste and management of contaminated soil, in both characterization and recovery, constitute to a great extent the company purpose of Emgrisa. Regulations on environmental matters involved, in its day, a very considerable increase in work volume and, therefore, of close collaboration with the State environmental authorities. The reduction of the Administration's budget and of the private sector in recent years for investment in environmental issues has involved new corporate strategies.

The Company carries out its activity according to its integrated management system, which is audited and certified by SGS ICS IBERIA S.A. in compliance with the ISO 9001:2015 (certificate ES10/9160), ISO 14001:2015 (certificate ES05/0947) and the health and safety system in accordance with ISO standard 45001.2018, formerly OHSAS 18001.2007 (certificate ES11/9314) standards for its activities of the Madrid plant related to:

- Environmental consulting.
- Engineering.
- Intermediation in waste management.
- Recovery of contaminated areas.
- Environmental inspection.

and for its transfer centres of Alcázar de San Juan (Castile-La Mancha) and Mérida (Extremadura) in the activities of waste collection, transport, storage and management.

Additionally, as added value to its work in inspection, Emgrisa is qualified by the National Accreditation Agency (ENAC) as an Inspection Organization with Accreditation number 71/EI076, in accordance with the criteria included under standard UNE-EN-ISO/IEC 17020:2012 for making inspections in Environmental Issues, specifically in the field of potentially contaminated soils and the subterranean waters associated with them.

The following should be mentioned as significant events in 2018:

- Extension of the accredited scope of the Inspection Organization ISO 17020-2012 in the field of potentially contaminated soils and subterranean waters associated with Quantitative Risk Analysis.

- Approval of the external audit on the part of the Certifying Body (SGS Tecnos) for management systems:
  - Quality, in accordance with the ISO 9001:2015 standard.
  - Environment, in accordance with the ISO 14001:2015 standard.
  - Health and Safety, in accordance with the ISO 45001:2018 standard.
- Approval of the external audit on the part of the authorized company INPREMED on the prevention of workplace risks in accordance with Royal Decree 39/1997 of 17 January, approving the Regulation of Prevention Services.

2018 was a year of intense activity for the management of business and technical projects, with work taking place on the following lines:

- Approval and start of the new strategic plan of Emgrisa 2018-2021.
- Promotion of the company as a quality brand: web and social networks, communication media, logo, new customer actions and enhanced services portfolio.
- Development of the integration of the ENUSA environmental activities into Emgrisa, with management of the delegations in the field of technosols, biogas plant and Quercus dismantling.
- Important presence as a resource for the State Administration and public sector, with special mention of the SEPI group companies. The management of the Adif, Renfe, Ministry of Agriculture and Fisheries, Food and Environment (MAPAMA) -currently Ministry of Ecological Transition (MITECO)-, Aena delegations should be noted, along with the Ministry of Justice, Hydrographic Confederation of the Ebro, INTA, Casa de la Moneda and Sepides.
- Contracts con Autonomous Communities, such as the governments of Galicia, Castile-La Mancha and Aragón, and the preparation of new delegations in 2019 for the Directorate General of Water and port authorities of Avilés, Valencia and Huelva.
- Differentiating solutions have been developed in the areas of thermal desorption, proposals and technology, technosols urban wastewater, bio-energies and contaminated soil recovery. The Remesa delegation is continuing, as is Emgrisa's technical support for the EDAR wastewater treatment plant in Melilla.
- The company's drive towards international markets continues with the approval and creation of a new subsidiary in Chile and actions in Peru, including the contracts with the Southern mining company, Marinasol, Coga and WSP Peru. There has been work on developing the project for the regional government of Antofagasta in Chile and the contract with ENAP, new business with multi-lateral bodies such as the United Nations for Industrial Development (UNIDO) in Trinidad and Tobago and Macedonia.
- There were 16 new clients and the budget for new projects reached 1,800 thousand euros.
- On the management side, the approval and start of the new corporate structure and synergies with the SEPI group, working with many companies in the holding, were significant developments.
- The company also reached collaboration agreements in 2018 with Enagás for biogas plants, a consortium for dismantling nuclear plants with ENUSA, Tecnatom and Ensa and an agreement with Sereco to operate abroad.

The activities in 2018 in the area of waste management and innovation and development have included the following:

- Business participation in the waste management of the Autonomous City of Melilla via Remesa, improving management and technically collaborating in plant optimization. Development of the management delegation agreement for purification of urban wastewater.
- Industrial waste management via its shareholding in Cetransa, an integral hazardous waste treatment centre.
- Management of its hazardous waste treatment and transfer centres in Extremadura and Castile-La Mancha.
- Provision of its hazardous waste handling services with a number of public bodies and entities. Especially with the National Technical Aerospace Institute(INTA) of the Ministry of Defence, the network of Adif train stations, the Fábrica Nacional de Moneda y Timbre and Imbisa, the money printing plant for the Bank of Spain.
- Management delegation for the Ministry of Justice for handling the destruction of seized assets.
- Service provision to private enterprise and entities throughout Spain, Iberdrola.
- In 2018, the company handled 19,420 tonnes of waste, 6,154 of which derived from the work of Emgrisa and 13,266 tonnes were due to the work with technosols. This means that 14,354 tonnes more were handled than in 2017.

The soil characterization and decontamination and engineering activities included the following:

- Technical support and management delegation agreements for agencies of the State Administration, in addition to those already existing (Ministry of Defence, Ministry of Agriculture, Fisheries, Food and the Environment MAPAMA,- today the Ministry of Ecological Transition MITECO - Autonomous Communities), thus securing its position in the public sector market.
- Development and execution of remediation projects for ADIF, RENFE and AENA, as well as the subsoil in Sabiñánigo (Huesca) for the government of Aragon. Contract renewal for 2018 and subsequent contract extensions to 2020.
- Actions for the Hydrographic Confederation of the Ebro River in Bailin (Huesca).
- Execution of technical projects and training activities in environmental risk assessment for public agencies and corporations of the oil sector.
- Undertaking of various actions for the public enterprises and/or of the SEPI Group: Cofivacasa, Sepides, Hunosa, Aquamed, Navantia, Tragsa.
- Support to ENUSA for its environmental activities in the Juzbado factory and the Saelices mine. Entrusts management of the biogas plant and technical assistance in the dismantling of facilities in Saelices.

The internationalization activities in 2018 have included:

- Setting up of the new subsidiary in Chile.
- There were 93 bids, 71 of which were in the domestic market and 22 in the international arena, representing around 25% of all the bids submitted. The ratio of offers accepted was 33%.
- Contaminated soil characterization contracts and oil management for Southern Cooper.
- Management, along with Ingeniería Poch, of the contract for characterization of contaminated areas in the region of Antofagasta.
- Contract for the characterization of contaminated ponds for ENAP in Chile.
- Work for multilateral organizations such as UNIDO in Trinidad and Tobago and Macedonia.
- Contracts with Marinasol, Coga, Remondis Peru and WSP Peru.

3. Economic-Financial Management of the Group

3.1 ANALYSIS OF PARENT COMPANY RESULTS

ENUSA's turnover in 2018 rose to 235.4 million euros, which is a fall of 19% compared against the previous year. This fall was centred on the sales of enriched uranium, corresponding to the higher manufacture of fuel and services achieved in the previous year.

The operating result amounted to 3.9 million Euros in 2018, versus 8.5 million Euros in 2017, with this decrease being primarily due to the increase in operating expenses and decline in excess provisions.

Pre-tax earnings in 2018 have amounted to 2.8 million Euros, compared to 13.5 million Euros of the previous year.

The return on equity in 2018 (after-tax profit over total equity, before the year's P&L) was 4.1%, compared to 13.6% in 2017.

3.2 PARENT COMPANY FINANCING AND INVESTMENT

The net variation in cash and other equivalent liquid assets compared to the previous year, was +2.6 million euros, generating an effective cash flow that is described below:

- from operating activities: +43.3 million EUR
- from investment activities: -2.1 million EUR
- from financing activities: -38.7 million EUR

The short- and long-term financial debt at year's end amounted to 202.7 million Euros, versus 229.5 million Euros in 2017. This debt corresponds primarily to the financing of stocks as part of the provisioning activity.

The Parent Company has not undertaken any own shares operations in fiscal year 2018.

3.3 PAYMENT TO SUPPLIERS

The information regarding the average supplier payment period during 2018 is provided in note 24 of the Consolidated Annual Accounts.

3.4 REPRESENTATIVE CONSOLIDATED DATA OF THE GROUP

The ENUSA Group has obtained consolidated earnings of 4.4 million Euros in 2018, versus 12.3 million Euros in 2017. The net increase of cash or cash equivalents amounted to 3.5 million euros, compared to a 0.3 million euro decrease in 2017.

As regards the consolidated turnover, it reached 251.1 million euros in 2018, compared with 303.5 million euros in the previous year, with a return on equity (consolidated profit after tax and interrupted equity transactions prior to the consolidated results for the year) of 4.1% (11.4% in 2017).

3.5 SUBSEQUENT EVENTS

On the date of preparing this Consolidated Management Report, no events subsequent to the end of the financial year 2018 have occurred that required inclusion.

3.6 ANALYSIS OF BUSINESS EVOLUTION

The estimated business evolution of ENUSA for the coming years is as follows:

PARENT COMPANY URANIUM SUPPLY

The sales prices of the enriched uranium that ENUSA supplies to its electric utility customers that own the Spanish nuclear power plants will continue the downward trend that started in 2013. This reduction has been due both to the management of the contracts maintained with the supplier companies, which has made it possible to reflect the lower prices on the international uranium component market, and to the renegotiation of some contracts, which has served to take advantage of the moment of low prices in the market and reflecting it in the selling prices of ENUSA.

In the immediate future, ENUSA will maintain its supply policy, according to which it has medium- and long-term contracts with the world's leading suppliers, but it also takes advantage of the opportunities that arise in the market.

As regards the commitment to customers, the company will continue to make efforts to comply scrupulously with the obligations related to the uranium supply in order to properly supply it on time, and on the other hand it will continue to try to provide quality services that add value to management and in this way keep the customers' trust.

PARENT COMPANY'S NUCLEAR FUEL

The forecasts for the fuel business in the coming years will be conditioned first of all by the decisions of the Spanish government and the owners of the nuclear plants on the future of the nuclear facilities currently in use.

A plan of the energy requirements and sources of supply that specifies the expected life of the reactors in the Spanish nuclear system is needed, and one is expected to be issued in 2019.

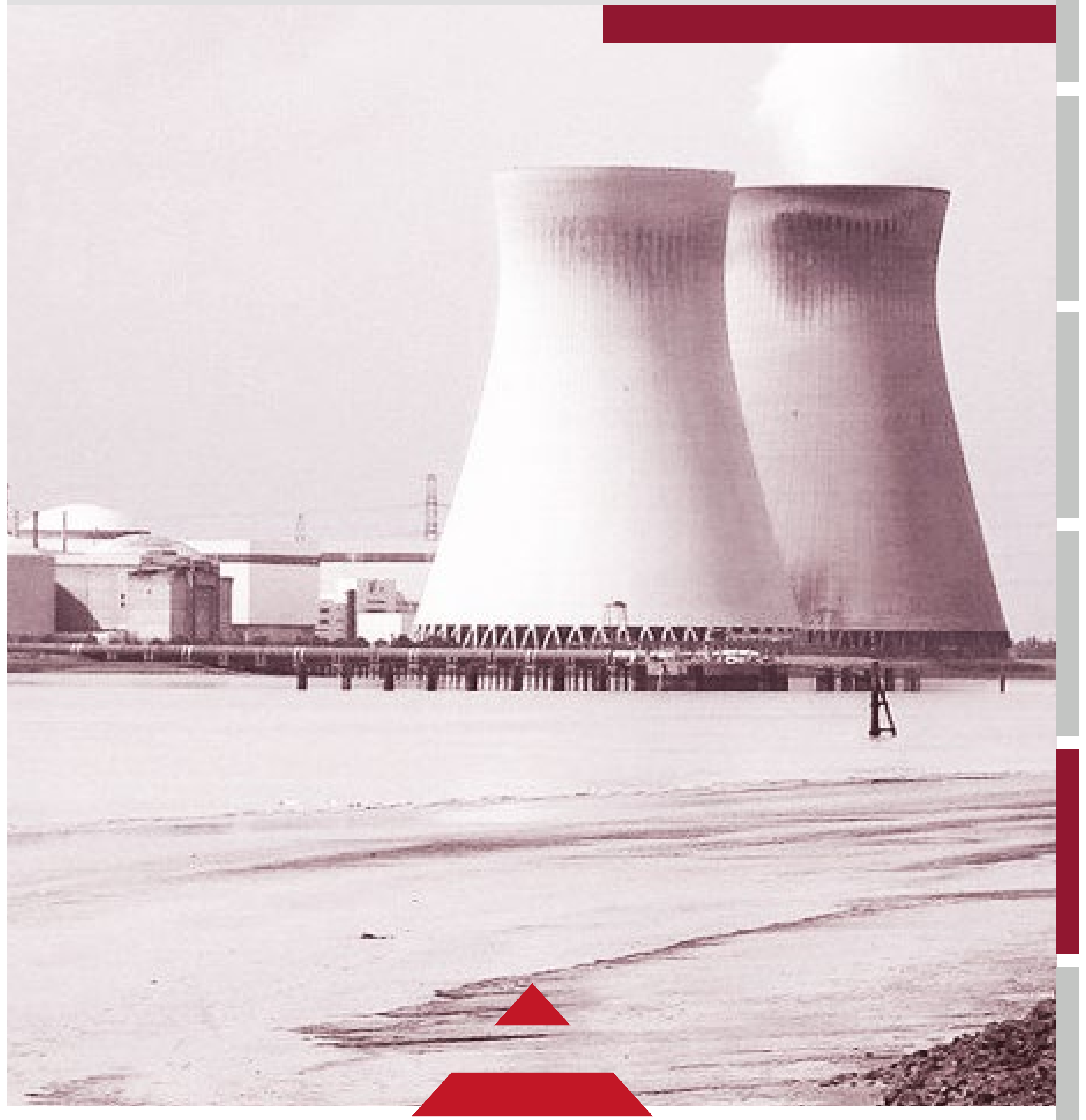
It is also highly likely that a new Waste Plan will be issued in 2019 to establish how the spent nuclear fuel is to be disposed of and whether the construction of a central temporary storage facility (ATC) is necessary or not. This decision will obviously condition the decisions of the operators on their handling of highly active waste, especially the medium and long-term storage of spent fuel.

ENUSA must continue to strengthen its technological alliances with its partners Westinghouse and GNF for BWR technology. In the case of Westinghouse, it must be aware of the advances of our main technological partner, which is still in the process of restructuring its business lines and organization. This restructuring is expected to be complete in the third quarter of 2019.

In European PWR, the most important factor for ENUSA is the impact of the problems that some Belgian nuclear plants are having, which means that their fuel cycles are altered, so that their requirements must be pushed back from 2019 to 2020. An agreement is expected to be signed with EDF during the course of the year to modify the contact for fuel supplies planned during the 2020-2024 period.

The company's growth expectations in the nuclear business derive from the second part of the fuel cycle, i.e., the management of spent fuel and the dismantling of nuclear facilities. The other business areas where ENUSA expects to have considerable work are the development of technology, where innovation is of great importance, the development of the company's digitalization plan and the international expansion of the business in emerging markets such as China, India, Brazil, Mexico, Argentina, the Arab Emirates, Turkey, Saudi Arabia, etc. where opportunities are arising in both the first and the second part of the fuel cycle.

In all these interventions, ENUSA considers the strengthening of the joint activities between the three public companies in the nuclear sector (Ensa, Enresa and ENUSA) to be critical at both national and international level, relying in this on the support of SEPI.



PARENT COMPANY'S SAELICES EL CHICO CENTER

The authorization for the dismantling and closure of the Quercus Plant is not expected to arrive until the second half of 2019, so the work is not expected to start until the start of 2020 at the earliest.

The dismantling will be carried out in phases because it is necessary to maintain the Treatment Plant's tailings dam and other water storage structures for polluted water, caused by the mine's acid drainage, until the quality required for direct discharge to public waterways is obtained.

At the same time, the Programmes for Vigilance and Control of Subterranean Waters and structure stability will remain in force, both for the Elefante Plant and the Explotaciones Mineras, with the performance of the corresponding inspections, controls, sampling analysis and reports required by these programmes. These activities are financed by ENUSA and Enresa in the proportions contained in the current framework contract. In this context, a new framework contract between these companies must be prepared in the first half of 2019 to cover the period 2020-2022.

In contrast, the Vigilance and Maintenance Plan for the Quercus Plant and its associated structures, which needs to be made during the present period while activity is stopped and before the planned dismantling work begins, is financed solely and exclusively by ENUSA.

The vigilance and control of the initial pilot tests for applying technosols will continue in the coming years, although attention will focus mainly on the development of the R+D project "TEKURA" which will be the central activity in this field. The Plant for creating technosols at the Saelices Centre will continue to operate with the spreading of the technosols produced over the defined surface area. At the same time, grass and shrub species specifically selected by Ciemat for growing on the different spread technosols will be planted.

The TEKURA project, as such, is due to terminate in December 2019, although the administrative permit granted by the government of Castile and Leon would allow it to continue until 05/03/2021.

The TEKURA Project must be complemented by a number of actions that work towards deriving uncontaminated water back to the public water domain, capturing and redirecting contaminated water to chemical neutralization treatments and the creation of new reactive wetlands in specified locations that precondition those movements of larger bodies of contaminated water.

In any case, at the end of the technosol treatment of the 52 hectares initially planned for as part of the TEKURA Project, and once the results have been checked and found positive using the appropriate means and instruments, application will be extended to the rest of the affected surface area (around 250 hectares more). With this, the natural space affected by the mining activities will be fully reclaimed.

The first phase of this research project means acting on the surface and sub-surface waters (those which flow in the different layers of the protective-impermeable structures), while the solution for deeper water is more complex and calls for longer treatment periods, although it should be borne in mind that this solution is not immediate and requires maturity periods and the planting and growth of vegetation over a number of years. It will still be necessary to continue with the chemical treatment of the acid water in the meantime.

Around 500,000 m^3 will be neutralised in 2019, with the amount gradually declining in the following years as the technosols applied begin their work to improve the chemical content of the surface water.

To achieve this capacity for treatment and, should Phase I of its dismantling makes it necessary to shut down the water treatment section of the Quercus Plant (TAD Plant - treatment of barrier water), it will be necessary to reinforce, maintain and update the equipment in the TAC plant (mine water treatment) that is still operating.

The restored site of the Lobo-G Plant (La Haba, Badajoz) will continue to run the Long-Term Vigilance Programme in collaboration with the Technical Environmental Office and Emgrisa. ENUSA and Enresa continue financing it proportionally, according to their responsibilities, as specified in the Framework Agreement signed between the two companies.

The work included in the Vigilance and Maintenance Programmes for Old Uranium Mines of Casillas de Flores and Valdemascaño in Castile and Leon will continue to be carried out in collaboration with the Environmental Office of ENUSA. This work is financed in its entirety by Enresa.

TECHNICAL ENVIRONMENTAL OFFICE

In accordance with the Strategic Plan of the Environmental Unit of the ENUSA Group, whereby the decision was made to use the Emgrisa brand for commercializing the environmental activities of the Group, the activities that the Office has been carrying out will be incorporated into the Emgrisa services portfolio for 2019 and following years.

Nevertheless, until this incorporation takes place, the Office will continue to develop its activities, on the one hand in training and advising Emgrisa for the operation and monitoring of the biogas plant in Juzbado (Salamanca), and on the other hand, in maintaining its environmental radiological monitoring programs.

The human resources of the Technical Environmental Office will focus on three interventions in Saelices el Chico over the next two years: firstly, to cooperate with the TEKURA project and secondly, to try to achieve the lease of the land at Saelices el Chico to build a solar power plant; thirdly, to collaborate with the Centre’s technical staff to revise and provide support for the documents required by the NSC for the dismantling and closure of the Quercus Plant.

The LIFE Ammonia Trapping Project will also involve Tests in the Biogas Plant over the next two years to reduce and recover the nitrogen contained in the digestate, lowering ammonia gas emissions into the atmosphere and recovering ammonia for use as a fertilizer.

CASTELLÓN UTE-RSU

This year, the Castellón RSU joint venture (UTE in Spanish) continued to receive treatment rejections from the RSU plant at Onda, which offers its services to the authorities in the centre of the province of Castellón (Zone C2) as a result of the agreement signed by the C1 and C2 consortiums. In 2018, 10,429 tons were received for this reason, an amount lower than that of 2017.

The management of all the waste, both that deriving from the C1 councils and the rejections from C2, was handled in accordance with the contract signed by the joint venture and the C1 Consortium, although some details and nuances were settled in the agreement mentioned previously.

Although the agreement foresaw an annual maximum of 35,000 tonnes of waste from the C2 consortium, far lower amounts have been sent in these three years, because they are rejections with specific features which make them particularly hard to process. The agreement ends in February 2019, but the C1 Consortium in interested in extending it.

On the other hand, the agreement allows the UTE to return to C2, when its landfill is again operational, the same amount of wastes that it has received during the three years of agreement validity, which will be of help so as to not overfill the UTE landfill with wastes from the other consortium.

Once the firm ruling of the High Court of Justice of the Region of Valencia (TSJCV) is declared, which annulled the second modification of the contract with the Consortium C1, negotiations were initiated for a modification of this contract that substitutes the annulled one. These negotiations will continue in the year 2019.

There has also been a verdict handed down by the Judicial Review Court No. 1 of Castellón to reject the legal action brought by the joint venture against the C1 Consortium for non-payment of invoices due to the interest rate. Even so, an appeal has been made before the High Court of the Community of Valencia.

Letter from the Chairman & CEO
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GROUP MEMBER COMPANIES

Empresa para la Gestión de Residuos Industriales, S.A., S.M.E., M.P. (Emgrisa)

The evolution of the company's environmental business is quite conditioned by its relation with the figure of instrumental resource and to the new regulation of this figure in the recently approved Law 9/2017, of 8 November, on Public Procurement Contracts. The main challenge for the company remains its adaptation to the changing markets of recent times, for which a Strategic Marketing Plan approved in 2018 to adapt its commercial and business functions to the public and private sectors. Compliance with the requirements set out in the 2017 regulations on instrumental resources and company sustainability are decisive in the problem that Emgrisa has to resolve in the coming years. The company must work to expand its markets, improve its brand, develop a sales model and new business, expand internationally and develop the final treatment of the type or types of waste for self-storage, all aligned with the new Plan that was approved.

Furthermore, the digitization of the company will continue, with special attention to the efficiency of the business lines and optimization of internal management processes.

It will carry on with the commercial and project integration with the ENUSA environmental area to become the parent company environmental brand. The biogas plant projects will be put into motion and the dismantling project of industrial or nuclear activities will continue in the framework of the consortium that ENUSA is promoting.

It will continue to execute the management delegation agreements for various general directorates of the Ministry of Ecological Transition MITECO. Likewise it aims to renew the contract with the Government of Aragon for two more years and will expand the activities for other Autonomous Communities. It will continue working for state-run public entities and corporations. There are also important future delegations for industrial dismantling operations for authorities of the Directorate General of Water, ports and private work for major corporations.

In 2019 ENUSA will continue to develop establish appropriate actions for the execution of the TEKURA project and other actions on the dismantling of the Quercus plant, both in the Saelices mine, once the technosol plant has been built and the corresponding work has begun.

The internationalization process will continue through the execution of the proposals submitted and its presence via the branch office in Peru, and the new agency in Chile, and also with the award of new contracts for multilateral organizations and collaborations with Spanish companies related to thermal desorption and/or technological development.

New business lines will be promoted, such as urban wastewater management and biogas, and it will continue with the improvement in economic efficiency and the implementation of new management processes in the areas of soil and administration.

Express Truck, S.A.U., S.M.E. (ETSA)

The nuclear medicine business is expected to grow slightly but continuously during the 2019-2023 period. The strategy of ETSA is to focus on maintaining its market share in the transport sector for the nuclear industry, because it is a market without growth.

In the tanker business line, the growth strategy continues with a limited risk exposure approach.

3.7 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

Based on the risk positions, the Parent Company actively manages the exchange rate risk and the interest rate risk. The instruments it uses always rely on safety and prudence, with the aim of limiting the risks and avoiding any concentration of these at the same time. They are never used to take up speculative positions.

At 31 December 2018 there are instruments to cover exchange rates amounting to 76 million USD and 10 million GBP which will be used to meet payments arising from purchasing contracts signed by ENUSA, along with other instruments to cover exchange rates that guarantee revenue payable in foreign currency.

ENUSA has also covered the exchange rate risk for 20 million euros of its debt, to which must be added the coverage of exchange rate risk for the debt of the RSU joint venture (included in its percentage share of the same) for another 16.8 million euros.

The Group's exposure to different risks is explained in detail in point 12.2 of the Report on the Consolidated Annual Accounts.

4. Human Resources

The workforce at ENUSA increased by 4.18% in 2018 in comparison with the previous year, as shown in the following table:

	to 31.12.2017	to 31.12.2018
- Madrid	203	215
- Juzbado	401	413
- Saelices el Chico	30	31
- UTE RSU Castellón (*)	12	14
TOTAL	646	673

(*) The information referring to the UTE RSU Castellón is reflected only for accounting consolidation, since its personnel is contracted directly by the UTE and not by ENUSA

By type of contract, the distribution of the ENUSA workforce is as follows:

Staff	to 31.12.2017	to 31.12.2018
Permanent Personnel	502	509
Temporary staff	144	164
TOTAL	646	673
Average Workforce	**597.25**	**591.91**

By employment category, the distribution of the ENUSA workforce is as follows:

EMPLOYMENT GROUP	to 31.12.2017		to 31.12.2018	
	Number	%	Number	%
Directors	8	1.2	8	1.2
Post Graduates	243	37.7	259	38.4
Graduates	46	7.1	43	6.4
Technicians and Administration	188	29.1	189	28.1
Workers and Junior staff	161	24.9	174	25.9
TOTAL	646	100	673	100

The growth of the workforce in the subsidiaries in which ENUSA has a share is as follows:

Subsidiary	to 31.12.2017	to 31.12.2018
ETSA	43	46
Emgrisa	59	61
TOTAL	102	107

Important Events:

The measures taken to reduce the public deficit and the budgetary control measures provided in the State's General Budget Act for state-run public corporations and the implementing legislation that has been enacted from 2012 to 2018, inclusive, continue to have a major impact on the company.

5. Statement of Consolidated Non-Financial Information

The statement of consolidated financial information is added separately in accordance with the specifications of Law 11/2018, of 28 December, modifying the Commercial Code, the revised text of the Companies Act approved by Legislative Royal Decree 1/2010, of 2 July, and Law 22/2015, of 20 July, on Account Auditing, on the subject of non-financial information and diversity.

6. Annual Accounts for the year 2018

ENUSA Industrias Avanzadas, S.A., S.M.E.

BALANCE SHEETS (Thousands of Euros)

ASSETS	Annual Report Notes	31/12/2018	31/12/2017
A) NON-CURRENT ASSETS		**98,974**	**97,727**
I. Intangible fixed assets	6	34,671	34,654
5. Computer applications		408	316
6. Other intangible fixed assets		34,263	34,338
II. Tangible Fixed Assets	5	41,760	42,375
1. Properties and constructions		17,632	18,070
2. Technical installations, machinery, tools, furniture & other tangible fixed assets		20,899	18,703
3. Fixed assets under construction and advances		3,229	5,602
IV. Long-Term Investments in Group and Associated Companies	8	5,353	5,353
1. Financial investments		5,353	5,353
V. Long-term financial investments	8	3,001	2,764
1. Financial investments		268	264
2. Financial derivatives		104	3
5. Other financial assets		2,629	2,497
VI. Deferred tax assets	11	14,189	12,581

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ASSETS	Annual Report Notes	31/12/2018	31/12/2017
B) CURRENT ASSETS		**344,620**	**399,030**
I. Non-Current Assets Held for Sale	5,18	-	-
II. Inventories	9	279,496	325,601
2. Raw materials and other supplies		263,847	299,604
3. Products in progress		7,154	14,544
4. Finished products		6,413	6,600
6. Supplier advances		2,082	4,853
III. Trade debtors & other accounts payable		19,376	26,881
1. Customers for sales and services	8	11,121	19,154
2. Customers, group and associated companies	8,20	2,331	473
3. Sundry debtors	8	162	203
4. Group and associated company accounts	8,20	1,413	1,749
5. Personnel	8	170	190
6. Current tax assets	11	3,857	3,438
7. Other Public Administration credits		322	1,674
IV. Short-Term Investments in Group and Associated Companies	8,20	39,001	42,001
2. Loans to group and associated companies		39,001	42,001
V. Short-Term Financial Investments	8	819	727
4. Derivatives		365	240
3. Third-party loans		424	457
5. Other financial assets		30	30
VI. Short-term accruals		138	594
VII. Cash & cash equivalents	8	5,790	3,226
1. Treasury		5,790	3,226
TOTAL ASSET (A + B)		443,594	496,757

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NET WORTH & LIABILITIES	Annual Report Notes	31/12/2018	31/12/2017
A) NET WORTH		**93,116**	**100,187**
A.1) Total equity	8.3	95,431	104,114
I. Capital		60,102	60,102
1. Stated Capital		60,102	60,102
III. Reserves		31,562	31,562
1. Legal and statutory		12,020	12,020
2. Other reserves		19,542	19,542
VI. Other contributions from partners		33	-
VII. Year-End P&L		3,734	12,450
A.2) Value changes adjustments	8	(2,495)	(4,283)
II. Hedging operations		(2,495)	(4,283)
A.3) Subsidies, donations & bequests received	16	180	356
B) NON-CURRENT LIABILITIES		82,969	189,737
I. Long-term provisions	13	56,526	51,715
2. Environmental activities	14	42,084	38,043
3. Restructuring provisions		338	364
4. Other provisions		14,104	13,308
II. Long-term debts	8	23,121	135,001
2. Bank loans		18,993	130,419
4. Derivatives		3,141	3,864
5. Other financial liabilities		987	718
III. Long-Term Debts with Group and Associated Companies	20	2,483	2,021
IV. Deferred tax liabilities	11	839	1,000

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NET WORTH & LIABILITIES	Annual Report Notes	31/12/2018	31/12/2017
C) CURRENT LIABILITIES		267,509	206,833
II. Short-Term Provisions	13,14	6,336	6,368
III. Short-term debts	8	186,825	103,712
2. Bank loans		183,708	99,117
4. Derivatives		948	2,401
5. Other financial liabilities		2,169	2,194
IV. Short-Term Debts with Group and Associated Companies	20	552	1,098
V. Trade creditors and other accounts payable:		73,316	95,376
1. Suppliers	8	9,588	31,843
2. Suppliers, group and associated companies	8,20	4,753	2,046
3. Miscellaneous creditors	8	11,272	19,695
4. Personnel (outstanding remunerations)		1,916	1,820
6. Other Public Administration debts		2,077	1,882
7. Advance payments by customers		43,710	38,090
VI. Short-term accruals		480	279
TOTAL NET WORTH & LIABILITIES (A + B + C)		443,594	496,757

PROFIT & LOSS ACCOUNT (Thousands of Euros)

	Annual Report Notes	31/12/2018	31/12/2017
A) GOING CONCERNS			
1. Net turnover	12	235,396	290,908
a) Sales		203,895	259,437
b) Services rendered		31,501	31,471
2. Variation in inventories of finished products & products in progress		(7,577)	2,870
4. Supplies		(163,946)	(230,454)
b) Consumption of raw materials and other consumables	12	(139,091)	(208,193)
c) Contracted services		(24,855)	(22,261)
5. Other Operating Income		3,661	3,222
a) Non-core and other current operating income		3,388	3,092
b) Operating subsidies included in the year's P&L	16	273	130
6. Personnel costs		(33,167)	(34,444)
a) Wages, salaries and similar costs		(24,897)	(26,214)
b) Social charges	12	(8,270)	(8,230)
7. Other operating expenses		(23,775)	(19,844)
a) Outsourcing		(21,568)	(17,258)
b) Taxes		(1,429)	(1,765)
c) Losses, depreciation and variation in trading provisions		(691)	(730)
d) Other current operating expenses		(87)	(91)
8. Fixed asset amortization	5, 6	(7,106)	(6,887)
10. Surplus provisions	13	429	2,148
11. Fixed Asset Impairment and Disposal Results		(56)	44
b) Results from sales and others		(56)	44
12. Other Operating Results	12	83	895
a) Extraordinary expenses		(101)	(631)
b) Extraordinary income		184	1,526
A.1) OPERATING RESULT (1+2+4+5+6+7+8+10+11+12)		3,942	8,458

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	Annual Report Notes	31/12/2018	31/12/2017
13. Interest income		2,635	1,099
a) From shares in equity investments	**8**	**739**	**655**
a.1. In Group and associated companies		739	655
b) From marketable securities and other financial instruments		**1,896**	**444**
b.1. Group and associated companies		144	326
b.2. Third parties		1,752	118
14. Financing costs		(4,373)	(5,730)
a) Group and associated company accounts		(17)	-
b) Third party debts		(3,687)	(4,702)
c) Revaluation of provisions		(669)	(1,028)
15. Exchange differences	10	(66)	417
16. Impairment and results from sales of financial instruments	8	-	8,500
b) Results from sales and others		-	8,500
17. Capitalization of financing costs	6	655	783
A.2) Financial result (13+14+15+16+17)		(1,149)	5,069
A.3) Pre-tax P&L (A.1. + A.2.)		2,793	13,527
18. Income Tax	11	941	(1,077)
A.4) Year-End P&L From Going Concerns (A.3. + 18.)		3,734	12,450
19. Year-end P&L from discontinued operations, net of taxes		-	-
A.5) Year-End P & L (A.4. + 19.)		3,734	12,450

STATEMENT OF CHANGES IN NET WORTH (Thousands of Euros)

A) STATEMENT OF RECORDED INCOME AND EXPENDITURE

	Annual Report Notes	2018	2017
A) PROFIT & LOSS ACCOUNT		**3,734**	**12,450**
INCOME & EXPENDITURE CHARGED DIRECTLY TO NET WORTH			
II. For cash flow hedges	8	1,688	(5,247)
III. Subsidies, donations & bequests received	16	0	414
V. Tax effect	8,16	(422)	1,208
B) TOTAL INCOME & EXPENDITURE CHARGED DIRECTLY TO NET WORTH (II+III+IV+V)		**1,266**	**(3,625)**
TRANSFERS TO THE P&L ACCOUNT			
VII. For cash flow hedges	8	695	(911)
X. Subsidies, donations & bequests received	16	(234)	(99)
IX. Tax effect	8	(115)	252
C) TOTAL TRANSFERS TO THE P&L ACCOUNT (VII+VIII+IX)		**346**	**(758)**
TOTAL RECORDED INCOME AND EXPENDITURE (A+B+C)		5,346	8,067

STATEMENT OF CHANGES IN NET WORTH (Thousands of Euros)

B) TOTAL STATEMENT OF CHANGES IN NET WORTH

	Capital Stated	Reserves		Other contributions from partners	Year-End P&L	Value changes adjustments	Subsidies	Total
		Legal	Voluntary					
A. Balances at 31 December 2016	60,102	12,020	19,542	-	9,924	336	120	102,044
I. Recorded Income and Expenditure	-	-	-	-	12,450	(4,619)	236	8,067
II. Operations with partners or owners	-	-	-	-	(9,924)	-	-	(9,924)
4. Distribution of dividends	-	-	-	-	(9,924)	-	-	(9,924)
B. Balances at 31 December 2017	60,102	12,020	19,542	-	12,450	(4,283)	356	100,187
I. Recorded Income and Expenditure	-	-	-	-	3,734	1,788	(176)	5,346
II. Operations with partners or owners	-	-	-	33	(12,450)	-	-	(12,417)
4. Distribution of dividends	-	-	-	-	(12,450)	-	-	(12,450)
7. Other operations with partners or owners	-	-	-	33	-	-	-	33
C. Balances at 31 December 2018	60,102	12,020	19,542	33	3,734	(2,495)	180	93,116

STATEMENT OF CASH FLOWS (Thousands of Euros)

	Annual Report Notes	2018	2017
A) CASH FLOWS FROM OPERATING ACTIVITIES			
1. Pre-Tax Year-End P&L		**2,793**	**13,527**
2. P&L adjustments		**15,185**	**4,135**
a) Fixed asset amortizations	5,6	7,106	6,887
b) Valuation adjustments for depreciation		804	707
c) Variation in provisions		6,973	3,064
d) Allocation of subsidies		(234)	(99)
e) Fixed asset disposal & write-off results		56	(44)
f) Results for removals and sales of financial instruments		-	(8,500)
g) Interest income		(2,635)	(1,099)
h) Financing costs		3,038	3,636
i) Exchange rate differences	10	66	(417)
j) Other income and expenditure		11	-
3. Changes in Working Capital		**31,292**	**30,727**
a) Inventories		46,014	61,346
b) Debtors and other accounts receivable:		6,421	(3,202)
c) Other current assets		456	(453)
d) Creditors and other accounts payable		(21,799)	(26,748)
e) Other current liabilities		200	(216)
4. Other Cash Flows from Operating Activities		**(5,924)**	**(8,124)**
a) Interest payments		(3,872)	(4,483)
b) Dividend income		739	857
c) Interest income		2,501	2,336
d) Income tax charges (payments)		(1,783)	(2,681)
e) Other payments (charges)	13	(3,509)	(4,153)
5. Cash Flows from Operating Activities		**43,346**	**40,265**

CONTINUED ON NEXT PAGE

B) CASH FLOWS FROM INVESTMENT ACTIVITIES		
6. Investment Payments	(44,220)	(48,902)
a) Group and associated companies	(39,000)	(42,000)
b) Intangible fixed assets	(446)	(447)
c) Tangible fixed assets	(4,532)	(6,341)
e) Other financial assets	(242)	(114)
7. Disinvestment Charges	42,088	50,728
a) Group and associated companies	42,000	41,000
e) Other financial assets	88	8,691
f) Non-current assets held for sale	-	1,037
8. Cash flows from investment activities	(2,132)	1,826
C) CASH FLOWS FROM FINANCING ACTIVITIES		
9. Collections and payments for equity instruments	257	108
g) Subsidies, donations and bequests received	**224**	**108**
l) Partner contributions	**33**	**-**
10. Financial Liability Instrument Charges and Payments	(26,458)	(32,290)
a) Issue	**72,493**	**57,837**
2. Bank loans	71,616	57,046
3. Group and associated company loans	465	608
4. Loans originating in the public sector	375	140
5. Sundry debts	37	43
b) Repayment and Amortization	**(98,951)**	**(90,127)**
2. Bank loans	(98,331)	(90,029)
3. Group and associated company loans	(555)	-
4. Sundry debts	(65)	(98)
11. Dividend Payments and Remuneration of Other Financial Investments	(12,450)	(9,924)
a) Dividends	(12,450)	(9,924)
12. Cash Flows from Financing Activities	(38,651)	(42,106)
E) NET INCREASE/DECREASE OF CASH OR CASH EQUIVALENTS	**2,564**	**(15)**
Cash or Cash Equivalents at Beginning of Year	3,226	3,241
Cash or Cash Equivalents at Year's End	5,790	3,226

Annual Report 2018

1. Company Activity

ENUSA Industrias Avanzadas, S.A., S.M.E. (hereinafter ENUSA or the Company) was incorporated in Spain in 1972 for an indefinite period of time. Its registered office is located on Calle Santiago Rusiñol, nº 12 in Madrid.

The shareholders at 31 December 2018 are the Sociedad Estatal de Participaciones Industriales (SEPI), holding 60% of the capital, and the Centro de Investigaciones Energéticas, Medioambientales y Tecnológicas (CIEMAT), holding the remaining 40%.

The Company's aim is as follows:

1. Mineral research and exploitation, production of uranium concentrates and other byproducts, uranium enrichment, engineering and manufacture of nuclear fuel assemblies and other components, products, equipment and processes for electric power generation, and the use, distribution and marketing of the products resulting from each of the aforesaid industrial phases and provision of services related to these products or to radioactive materials.
2. Provision of chemical, physicochemical and radiological analysis services, and issue of reports and advice on environment-, energy- and technology-related matters.
3. Execution and maintenance, by itself or by others, of all manner of civil works, buildings and installations, including electrical and mechanical ones and including operations inside and outside quarries, as well as land reclamation, including land affected by radioactive materials.
4. Preparation of all kinds of technical studies and reports, including those regarding radioactive materials; execution of all kinds of projects, and technical oversight and management of works of any sort, including nuclear or radioactive installations.
5. Collection and treatment of urban and industrial wastes, and water treatment.

The main activities of ENUSA are as follows:

1. Industrial Activities

- Engineering and manufacture of nuclear fuel assemblies and other components. To conduct its manufacturing business, ENUSA has signed licensing contracts since 1974 with the technology owners, to which it pays the appropriate royalties. The licence agreement with Global Nuclear Fuel - Americas, General Electric Hitachi and GE Infrastructure Technology International has been extended on December 28, 2018, extending the term thereof until the end of December 2024. Westinghouse, it was renewed in November 2017, effective on 1 January 2017, being valid up to 31 December 2024.

- Product distribution and marketing in each of the aforesaid industrial phases, and provision of services related to these products or to radioactive materials.

2. Uranium Supply Activities

- Uranium procurement, as well as isotopic enrichment and conversion services, for the supply of enriched uranium to the Spanish nuclear reactors.
- Natural and enriched uranium stock management.

3. Other Activities

- Provision of chemical, physicochemical and radiological analysis services, as well as reporting on environmental, energy and technological issues.
- Land, slag heap and old mine reclamation, water treatment, and execution and maintenance, by itself or by others, of all manner of civil works, buildings and installations.
- Studies, technical reports and projects related to its areas of operation.
- Provision, through its subsidiaries, of fuel assembly inspection and repair services, radioactive material and explosives transportation, radioactive isotope manufacture and marketing, land reclamation, execution and maintenance of all manner of civil works, buildings and installations, including electrical and mechanical ones and including operations inside and outside quarries, as well as management, recycling, reutilization and treatment of industrial and hazardous wastes and recovery and decontamination of contaminated areas and soils.
- The execution of works and service management corresponding to the "Project for urban solid waste management of the Zonal Waste Plan of Zone I of Castellón" through its investment as partner in the joint venture (UTE) "ENUSA Industrias Avanzadas, S.A., S.M.E., Forbesa Valoración de Residuos, S.L.U. and A2A Ambiente, S.P.A. Unión Temporal de Empresas" (hereinafter UTE RSU).

The industrial activities have been carried out in the fuel assembly factory located in the town of Juzbado, in the province of Salamanca, since 1985.

The manufacturing process of the PWR fuel assemblies (for pressurized water nuclear power plants) and BWR fuel assemblies (for boiling water nuclear power plants) takes place in this industrial Center.

ENUSA also leads pioneering environmental reclamation projects in the areas where it operates or in which it has conducted its mining and industrial business in the past (uranium concentrate mines of La Haba in Badajoz and Saelices el Chico in Salamanca), for the ultimate purpose of returning these areas to the geological and environmental conditions they had before their exploitation began.

ENUSA belongs to the consolidated group of the Sociedad Estatal de Participaciones Industriales (SEPI). In accordance with the provisions of article 136.3 of General Budget Act 47/2003 of November 26, SEPI is not required to deposit its accounts in the Business Registry because it is not a commercial enterprise.

As described in note 8, the Company holds shares in subsidiary, multi-group and associated companies. As a result, the Company is the parent of a Group of companies in accordance with current legislation. The presentation of consolidated annual accounts is required, in accordance with generally accepted accounting principles and rules, in order to give a true and fair reflection of the financial position, the operating results, and the changes in the Group net worth and cash flows.

On 05 March 2019, the Administrators have prepared the 2018 consolidated annual accounts of ENUSA Industrias Avanzadas, S.A., S.M.E. and subsidiary companies, which show a consolidated profit attributable to the parent Company of 4,410 thousand Euros and a consolidated net worth of 115,156 thousand Euros. These consolidated annual accounts will be deposited in the Companies' Registry once they are approved, according to current legislation.

2. Bases for Presentation of the Annual Accounts

2.1. TRUE AND FAIR REFLECTION

The annual accounts consisting of the balance sheet, the profit and loss account, the statement of changes in net worth, the statement of cash flows and the annual report made up of Notes 1 to 23, have been prepared based on the accounting records of ENUSA and of the integrated Joint Venture (UTE, for its acronym in Spanish.) The annual accounts for the financial year 2018 have been prepared in accordance with the commercial legislation in force and with the standards set forth in the Chart of Accounts, which was modified in 2016 by Royal Decree 602/2016, of December 2 and on the EHA Order / 3362 / 2010, of December 23, approving the Rules for adapting the Chart of Accounts to concessionary companies of public infrastructure, in order to truly and fairly reflect the equity and the financial situation as at December 31, 2018 and the results of the operations thereof, changes in the net worth and cash flows corresponding to the financial year ended on the above mentioned date.

The 2018 annual accounts, which have been prepared on 05 March 2019, are expected to be approved by the General Shareholders' Meeting without any modifications.

2.2. INFORMATION COMPARISON

The Annual Accounts present, for purposes of comparison with each of the items in the balance sheet, profit and loss account, statement of changes in net worth, statement of cash flows and annual report, in addition to the figures for 2018, the figures from the previous year which formed part of the 2017 annual accounts approved by the General Shareholders' Meeting of 28 May 2018.

2.3. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The annual accounts are presented in thousands of Euros, rounded off to the nearest thousand, which is the Company's functional and presentation currency.

2.4. CLASSIFICATION OF CURRENT AND NON-CURRENT ITEMS

For the classification of current items, the maximum term of one year as from the date of these annual accounts has been considered.

2.5. GROUPING OF ITEMS

Certain items of the balance sheet, the profit and loss account, the statement of changes in net worth and the statement of cash flows are grouped together to facilitate understanding, although, to the extent that it is significant, the disaggregated information has been included in the corresponding notes of the report.

2.6. CRITICAL ISSUES OF VALUATION AND ESTIMATION OF UNCERTAINTY

In the preparation of the Company's annual accounts estimates have been made to determine the book value of some of the assets, liabilities, income and expenses and on the breakdowns of the contingent liabilities. These estimates made have been made on the basis of the best information available at the closing of the financial year. However, given their inherent uncertainty, future events may arise that require modifying them in upcoming years, which will be done, where applicable, on a prospective basis.

The key suppositions about the future, as well as other relevant data on the estimate of the uncertainty on the closing date of the financial year, which are associated to an important risk of causing significant changes in the value of the assets or liabilities in the upcoming financial year are the following:

Impairment of the value of non-current assets (Note 5)

The assessment of non-current assets, other than financial assets, requires making estimates with the aim of determining their recoverable value, for the purpose of evaluating possible impairment, especially for the goodwill. In order to determine this recoverable value, the future cash flows expected from the assets or from the cash generating units of which they form part are estimated and an appropriate discount rate is used to calculate the current value of these cash flows. The future cash flows depend on working within the budgets of the next five years, while the discount rates depend on the interest rate and the risk premium associated with each cash generating unit.

Valuation of financial instruments (Note 8)

The Company uses financial derivatives as part of its strategy to reduce its exposure to exchange rate and interest rate risks.

The hedging operations carried out by the Company are classified as cash flow hedges and they cover the exposure to the variation in future cash flows attributed to:

- Risks in relation to exchange rates, in purchases or supplies and in sales made in foreign currencies, by foreign currency purchase/sales operations on credit, thereby fixing a known exchange rate on a specific date (which furthermore may be restated later for exact adaptation and application to the cash flows of the hedged item).
- Interest rate risks, by contracting financial swaps that allow the parent Company to convert part of the financing costs referenced at a variable rate into a fixed rate.

Deferred tax assets (Note 11)

Deferred tax assets are recorded for all deductible temporary differences and deductions pending application, for which the Company may have future tax profits allowing the application of the above mentioned assets. For this reason, significant estimates have to be made to determine the amount of the deferred tax assets that can be recorded, taking into account the amounts and the dates on which the future tax earnings will be obtained, the reversion period of the temporary tax differences and the application of the deductions.

Provisions and contingencies (Note 13)

The Company allocates provisions to cover future liabilities, for which it is required to make different hypotheses and estimates. In general, for all the allocated provisions, the principal estimates refer to the greater or lesser certainty that future disbursements directly related to the provision are going to take place, to the amounts provided for them, as well as to the dates in which it is forecast that they will be realized. In the specific case of the provisions derived from litigations in progress, the Group also counts on outside advisers regarding the probability of the occurrence of disbursements, in order to classify the events as a provision or a future contingency.

Lastly, there is no awareness of any major uncertainties relative to events or conditions that could cast significant doubts on the ability of the Company to continue business as usual.

3. Distribution of Earnings

The Board of Directors will propose to the General Shareholders' Meeting that it approve the following distribution of 2018 earnings:

	EUROS
Basis for distribution	2018
P&L Account Balance	3,733,910.49
TOTAL	3,733,910.49
Distribution	
To dividends	3,733,910.49
TOTAL	3,733,910.49

The General Shareholders' Meeting of 28 May 2018 approved the distribution of 2017 earnings amounting to 12,450,169.43 Euros, consisting of their complete allocation to dividends.

Limitations for the distribution of results and dividends

Pursuant to Section 274 of the Corporate Law, approved by Royal Legislative Decree 1/2010, of July 2nd, companies are required to allocate 10% of the profits of each financial year to constitute the Legal Reserve until that the latter reaches, at least, 20% of the Capital Stock. This reserve is not distributable to shareholders, and may only be used, in case of no other available reserves, to cover the debit balance of the income statement.

4. Recording and Valuation Rules

The main principles applied are as follows:

4.1. INTANGIBLE FIXED ASSETS

Intangible fixed assets are appraised at the acquisition price or production cost, and they are presented in the balance sheet at cost price, minus the accrued amortization and the accrued amount of known valuation adjustments, if any, for depreciation.

Research-related costs are recorded as expenditure in the profit and loss account as they are incurred. Development costs have been considered in full as part of the year's expenditure, as the conditions for their capitalization have not been met.

Intangible fixed assets in computer applications are those acquired from third parties, and they are amortized using the straight-line method over a period of no more than four years. The maintenance costs of computer applications are carried over to expenses at the time they are incurred.

The Intangible Fixed Assets include the assets subject to concession comprised by the Company's investment in the UTE RSU, applying the provisions of Order EHA/3362/2010 of 23 December, which approved the Rules for adapting the General Accounting Plan to the concessionaires of public infrastructures. The most significant aspects of this application are the following:

- **Consideration received for the construction or improvement services.**

The consideration received by the concessionaire is recorded at the fair value of the service provided, in principle equivalent to the cost plus the construction margin, with this concession agreement having been classified as an Intangible Fixed Asset. This Intangible Fixed Asset is amortised during the entire concession period (20 years), ending December 2031.

- **Deferred financing costs for financing concession elements.**

By having classified concession agreements as Intangible Fixed Assets, from the time at which the infrastructure covered by the agreements is in operating conditions, the financing costs incurred are capitalized, and charged to results in proportion to the expected income indicated in the Financial Economic Plan of the concession. This proportion is applied to the total financing costs envisaged during the concession period.

- **Actions on the infrastructure during the term of the agreement.**

Certain future actions on the infrastructure covered by the agreements generate the allocation of certain provisions, some of which are made with the matching entry being the higher value of the Intangible Fixed Asset subject to the concession, as they are similar to the provisions for dismantling or retirement costs.

4.2. TANGIBLE FIXED ASSETS

Tangible fixed assets are shown at acquisition price or production cost and include the value of the legal revaluation carried out in accordance with the provisions of Royal Decree-Law 7/1996 of June 7 (see Note 5), and they are presented in the balance sheet at cost price, minus the accrued amortization and the accrued amount of value corrections, in any, due to known impairment.

The cost of tangible fixed assets includes the estimated costs of dismantling or retiring the Juzbado factory, as well as rehabilitation of the site on which it is located, which is planned as of the year 2027, as obligations are incurred as a result of their use and for purposes other than production of inventories.

Advances and fixed assets under construction correspond to monetary payments prior to the total commissioning for the Company of the fixed asset to which they refer. They are appraised by the amount of the monetary payment made up to the time of reception and total commissioning of the fixed asset in question, at which time they are reclassified to the appropriate tangible fixed asset account.

The cost of those assets acquired or produced after 1 January 2008 and that need more than one year to be in a condition for use includes the financing costs accrued before the fixed asset is fit for operation which meet the requirements for capitalization thereof.

The amortization of fixed assets is calculated on the basis of book values in order to amortize these values in full with the straight-line method over annual periods within the estimated useful life of the assets.

The Company amortizes the tangible fixed assets, following the straight- line method according to the following years of estimated useful life, as shown below:

Constructions	33 to 50 years
Technical installations, machinery & tools	4 to 15 years
Other installations	8 to 10 years
Data processing equipment & furniture	3 to 10 years
Other tangible fixed assets	10 years

The costs of upgrading, expanding or enhancing tangible fixed assets, when this does not involve increased capacity or productivity or an extension of their useful life, are charged to results of the year in which they are incurred.

Likewise, the enhancements of tangible fixed asset items that represent increased capacity or efficiency, or an extension of their useful life, are included in the acquisition cost.

The fixed asset revaluation carried out in 1996 was calculated by applying certain rates, depending on the year of purchase and amortization of the items, to the acquisition values or production cost and to the corresponding annual amortization provisions that were considered as a deductible expense for tax purposes, in accordance with the rule that regulates these revaluation operations. The resulting net revaluation was reduced by 40% for purposes of considering the financing circumstances of the items, as established by this rule.

Valuation adjustments for depreciation correspond to the estimated amounts of reversible losses of the tangible fixed assets at year's end.

4.3. IMPAIRMENT OF TANGIBLE AND INTANGIBLE FIXED ASSETS

An impairment loss of the value of an item of the tangible or intangible fixed assets takes place when the book value exceeds the recoverable value thereof; the recoverable amount is the higher amount between its fair value less the cost of disposal and its value in use.

For the purposes thereof, at least at the end of the financial year, the Company evaluates, through the so-called "impairment test", if there are indications that tangible or intangible fixed assets with indefinite useful life, or as the case may be a cash generating unit, may be impaired, in which case the recoverable amount is estimated by making the corresponding valuation adjustments.

The impairment calculations of the tangible fixed assets are individually carried out. Nevertheless, when it is not possible to determine the recoverable amount of each individual asset, the recoverable amount of the cash generating unit to which each element of the fixed asset belongs shall be determined.

In case an impairment loss should be recognised for a cash-generating unit to which all or part of goodwill has been allocated, the carrying amount of the goodwill corresponding to the above mentioned unit is reduced in first place. If the impairment exceeds the amount thereof; the value of the rest of the assets of the cash generating unit is secondly reduced, and is apportioned to the carrying amount thereof, up to the limit of the higher value among the following: its fair value less the cost of disposal, its value in use and zero. The impairment loss should be recorded allocated to the results of the year.

When an impairment loss is subsequently reversed (a circumstance which is not permitted in the specific case of goodwill), the carrying amount of the asset or of the cash generating unit is increased in the revised estimate of its recoverable amount, but in such a way that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in previous financial years. The above mentioned impairment loss reversion is recognised as income in the profit and loss account.

4.4. FINANCIAL INSTRUMENTS

4.4.1. Criteria of Classification and Valuation of the Different Financial Instruments

Financial instruments are classified at the time of their initial recording as a financial asset, a financial liability or a financial investment, in accordance with the economic essence of the contractual agreement and with the definitions of financial asset, financial liability and financial investment.

The Group classifies the financial instruments in the different categories in keeping with the characteristics and the intentions of the Management at the time of their initial recognition.

A financial asset and a financial liability are subject to compensation only when the Company has the right to demand compensation for the recorded amounts and intends to liquidate the net amount or simultaneously realize the asset and cancel the liability.

Based on their valuation criteria, financial instruments are classified in the following categories:

- **Financial Assets**

Loans and Accounts Receivable

These correspond to loans for trade and non-trade operations, provided the latter are not considered as financial derivatives and cannot be traded on an active market. This group includes the balance sheet items relative to trade debtors and other accounts receivable (including balances in favour of the Company with personnel), loans to companies of the group and other financial assets (deposits and guarantees), both long and short term.

These assets are initially recorded at their fair value, including the transaction costs incurred, and they are subsequently appraised at the amortized cost by using the effective interest rate method.

At year's end, the Company makes the appropriate value adjustment in its financial assets when a decrease in the fair value of realization of these assets becomes evident. Specifically, the Company records a value impairment in the trade debtor accounts and other accounts receivable when there is objective evidence that it will not be able to collect all the amounts it is owed, in accordance with the original terms of those accounts.

The depreciation loss is recorded and charged to results and is reversible in subsequent years if the decrease can be objectively related to an event following its recognition.

Financial assets available for sale

These correspond to financial investments in companies that are not considered as group, multi-group or associated companies and which the Company does not plan to dispose of in the short term.

The available-for-sale financial assets are initially recorded at the fair value plus the transaction costs directly attributable to the purchase.

After the initial recognition, if the fair value of the financial assets classified in this category cannot be reliably determined, they are appraised at cost minus, if any, the accrued amount of the value corrections for impairment of the item in question. The dividends are recorded in results according to the criteria provided in section 4.4.3.

The losses due to value impairment that correspond to financial investments are not reversible. Subsequent increases in the fair value, once the loss due to impairment has been recognized, are recorded in net worth.

Investments in group, multi-group and associated company equity

Group companies are considered to be those over which the Company directly, or indirectly through subsidiaries, exercises control, as provided in art. 42 of Code of Commerce, or companies that are controlled through any means by one or more natural persons or legal entities that act jointly or report to a single Management based on statutory clauses or agreements.

Control is the power to direct a company's financial and operating policies for the purpose of earning profits from its businesses, considering as such any potential voting rights held by the Company or third parties that are exercisable or convertible at the end of the accounting year. ENUSA's direct or indirect share in the capital of the company in question exceeds 50% and it has majority voting rights.

Associated companies are considered to be those on which the Company directly, or indirectly through subsidiaries, exerts significant influence. Significant influence is the power to intervene in the decisions concerning a company's financial and operating policies, without entailing the existence of control or joint control over that company. In the evaluation of the existence of significant influence, potential voting rights exercisable or convertible at the closing date of each financial year are taken into account, likewise considering the potential voting rights held by the Company or by another company. The Company considers that it exerts significant influence when the share that ENUSA holds in the capital of the company in question is greater than 20% but less than 50%.

Multi-group companies are considered to be those that are jointly managed by the Company or one or more of the group companies, including the dominant entities or natural persons, and one or more third parties outside the group.

In the case of investments in associated and multi- group companies, the transaction costs incurred are also included and they are appraised at cost, minus the accrued amount of the valuation adjustments for depreciation. The investments in group companies acquired before 1 January 2010 include the incurred transaction costs in the acquisition cost.

The depreciation is calculated as the result of comparing the investment book value to its recoverable value, understood as the value in use or fair value, whichever is greater, minus the sale costs. In this respect, the value in use is calculated on the basis of the Company's share in the current value of the estimated cash flows from ordinary activities and from final disposal, or of the estimated flows that are expected to be received from the distribution of dividends and final disposal of the investment.

Nevertheless, in certain cases and unless there is better evidence of the recoverable amount of the investment, the estimation of the depreciation of this class of assets takes into consideration the net worth of the invested company, adjusting it, if appropriate, to the generally accepted accounting principles and rules in Spanish legislation that are applicable and corrected by the net tacit capital gains existing on the date of valuation.

In subsequent years, the reversions of the value depreciation are recorded, if there is an increase in the recoverable value, with the book value limit that the investment would have if the value depreciation had not been recognized.

The valuation adjustment for value depreciation of the investment is limited to the value thereof, except in those cases in which the Company has assumed contractual, legal or implicit obligations, or else has made payments on behalf of the companies. In the latter case, a provision is recorded in accordance with the criteria provided in section 4.11.

The valuation adjustments for depreciation and their reversion, if any, are recorded as expenditure or income, respectively, in the profit and loss account.

Financial Liabilities

Debts and Accounts Payable

These correspond to debts from trade and non-trade operations, provided the latter are not considered as financial derivatives. Specifically, this section includes all the balance sheet items relative to trade creditors and other accounts payable (including outstanding remunerations to personnel and advances received from customers, the latter with short-term maturity), long- and short-term bank loans, and other unpaid long-term and short-term debts.

They are initially recorded by their fair value, minus transaction costs, if any, that are directly attributable to their issue. After the initial recognition, the liabilities classified under this category are appraised at amortized cost by using the effective interest rate method.

4.4.2. Criteria Used to Record the Write-Off of Financial Instruments

Financial assets are written off the books when the rights to receive cash flows related to them have expired or have been transferred and the Company has substantially transferred the risks and benefits derived from their ownership.

The Company writes off a financial liability or part of it when it has fulfilled the obligation contained in the liability or else it is legally exempted from the fundamental responsibility contained in the liability, whether by virtue of legal proceedings or by the creditor.

4.4.3. Interest and Dividends

Interest income and expenditure are recorded by applying the effective interest rate method. On the other hand, the dividends from financial investments are recorded when the Company obtains the rights to receive them. If the distributed dividends come unequivocally from results generated prior to the date of acquisition because amounts greater than the profits yielded by the invested company since the acquisition have been distributed, they decrease the book value of the investment.

4.5. HEDGE ACCOUNTING

The Company uses financial derivatives as part of its strategy to reduce its exposure to exchange rate and interest rate risks.

The hedging operations carried out by the Company are classified as cash flow hedges and they cover the exposure to the variation in future cash flows attributed to:

- Risks in relation to exchange rates, in purchases or supplies and in sales made in foreign currencies, by foreign currency purchase/sales operations on credit, thereby fixing a known exchange rate on a specific date (which furthermore may be restated later for exact adaptation and application to the cash flows of the hedged item).
- Interest rate risks, by contracting financial swaps that allow the Company to convert part of the financing costs referenced at a variable rate into a fixed rate.

The derivative financial instruments that meet the hedge accounting criteria are initially recorded at their fair value, plus the transaction costs, if any, that are directly attributable to the contracting thereof, or minus the transaction costs, if any, that are directly attributable to the issue thereof. However, the transaction costs are subsequently recorded in results if they do not form part of the effective variation of the hedge.

At the beginning of the hedge, the Company formally designates and documents the hedge ratios, as well as the goal and strategy it plans with respect thereto.

Entering the hedge operations in the books is only useful when it is expected that the hedge will be highly effective at the beginning of the hedge and in the following years to succeed in offsetting the changes in the fair value or in the cash flows attributable to the hedged risk, during the period for which it has been designated (prospective analysis), and the actual effectiveness, which can be reliably determined, is in the range of 80-125% (retrospective analysis).

The part of the gain or loss of the derivative financial instrument that has been determined as effective hedging is temporarily recorded in net worth, using as balancing entry the corresponding asset account (financial investments) or liability account (financial debt) and charging it to the profit and loss account in the financial year or years in which the planned hedge operation affects the results.

The Company prospectively discontinues the accounting of fair value hedges in the cases in which the derivative financial instrument expires or is sold, resolved or exercised, the hedge no longer meets the conditions for hedge accounting, or the Company revokes the designation. The successive renewal or replacement of a derivative financial instrument with another is not an expiration or resolution, whenever it forms part of the documented hedging strategy. In these cases, the amount accrued in net worth is not recorded in results until the planned transaction takes place. Notwithstanding the above, the amounts accrued in net worth are reclassified to the item for fair value variation in financial instruments of the profit and loss account at the time when the Company no longer expects that the planned transaction will take place.

4.6. INVENTORIES

Inventories are initially appraised by the acquisition or production cost.

The acquisition cost includes the amount billed by the vendor after deducting any discount or other similar items, and also the interest charged at the nominal debt rate, and adding the additional costs incurred until the goods are placed for sale and any others directly attributable to the acquisition, as well as the financing costs according to the following provisions and the indirect, non-recoverable Public Treasury taxes.

The Company includes in the cost of the supply management inventories, which require more than one year to be in a condition to sell, the financing costs related to the specific or generic financing directly attributable to their acquisition.

If the financing has been specifically obtained, the amount of the interest to be capitalized is determined on the basis of the accrued financing costs. The amount of the interest to be capitalized for generic, non-commercial financing is determined by applying an average weighted interest rate to the current investment, deducting the specifically financed part and the part financed with total equity, with the limit of the accrued financing costs in the profit and loss account.

The production cost of inventories includes the acquisition price of the raw materials and other consumables, and the costs directly related to the produced units and a systematically calculated part of the variable or fixed indirect costs incurred during the transformation process. The fixed indirect costs are distributed on the basis of the normal production capacity or actual production, whichever is lower.

Specifically, the costs of the main headings are determined as follows:

- Raw and auxiliary materials corresponding to the supply management stock: include the material acquisition price and the financial burden associated with financing them, as determined in the uranium supply contract.
- Finished products and products in progress: include the cost of materials and assemblies that are incorporable into their acquisition cost, plus direct and indirect personnel costs based on the number of hours charged, plus the amortization of productive items and other manufacturing process costs.

Advances to suppliers, delivered on account of purchase orders, are appraised by the nominal amount or by the equivalent value in Euros, as appropriate, given the scant financial effect.

The cost of raw materials and other supplies, the cost of commodities and the cost of transformation are allocated to the different units in inventories by applying the average weighted price method (for the stock of raw materials) or FIFO (for the remainder of the stocks).

Part of the inventories, and fundamentally some of the supply management inventories, have a turnover of more than 12 months. However, the Company has been keeping all of its inventories in Current Assets, in keeping with their productive cycle.

The cost price of inventories is subject to valuation adjustments in those cases in which their cost exceeds their net realizable value. For these purposes, net realizable value is understood to be:

- For raw materials and other supplies, their replenishment price. The Company does not recognize the valuation adjustment in those cases in which it expects that the finished products into which the raw materials and other supplies are incorporated are going to be disposed of for a value greater than or equal to their production cost.
- For commodities and finished products, their estimated sales price, minus the necessary sales costs.
- For products in progress, the estimated sales price of the corresponding finished products, minus the estimated costs required to complete their production and the sales-related costs.

The previously recorded valuation adjustment reverts against results, if the circumstances that caused the diminished value no longer exist or when there is clear evidence of an increase in the net realizable value as a result of a change in the economic circumstances. The limit of the reversion of the valuation adjustment is the lower of the cost and the new net realizable value of the inventories.

4.7. CASH & CASH EQUIVALENTS

This heading includes cash in hand, current bank accounts and temporary deposits and acquisitions of assets that meet all the following requirements:

- They are convertible into cash.
- Their maturity was not more than three months at the time of acquisition.
- They are not subject to a significant change of value risk.
- They form part of the normal treasury management policy of the Company.

For purposes of the cash flow statement, the occasional overdrafts resulting from the Company's cash management are included as less cash and other cash equivalents.

This heading does not include the so-called "Inter-SEPI" investments (see note 20).

4.8. TRANSACTIONS IN FOREIGN CURRENCY

The foreign currency transactions undertaken by the Company mostly correspond to capital resources defined as monetary items. These are initially appraised at the exchange rate on the date on which the transactions are made. The balance sheet totals corresponding to these items are adjusted at year's end on the basis of the current exchange on that date.

Both the foreign currency exchange profits and losses originating in this process, as well as those resulting from liquidation of these capital resources, will be recorded in the profit and loss account of the year in which they occur.

4.9. CORPORATE INCOME TAX

The year's income tax expense is calculated with the sum of the current tax, which results from applying the corresponding taxation rate to the year's taxable income minus the existing deductions and allowances, and the variations occurring during that year in the recorded deferred tax assets and liabilities. It is recorded in the profit and loss account, except when it corresponds to transactions that are directly recorded in the net worth, in which case the corresponding tax is also recorded in net worth.

Deferred taxes are recorded for the temporary differences existing on the balance sheet date between the tax base of the assets and liabilities and their book values. The tax base of a capital resource is considered to be the amount attributed to it for tax purposes.

The tax effect of the temporary differences is included in the corresponding balance sheet headings "Deferred Tax Assets" and "Deferred Tax Liabilities".

The Company recognizes a deferred tax liability for all the taxable temporary differences, subject to the exceptions, if any, provided in current legislation.

The Company recognizes deferred tax assets for all the deductible temporary differences, unused tax credits and negative taxable bases still to be compensated, if it is likely that the Company is going to obtain future tax gains that enable the application of these assets, subject to the exceptions, if any, provided in current legislation.

On each year's closure date, the recorded deferred tax assets and those that have not been previously recognized are reviewed by the Company. Based on this review, the Company writes off the books a previously recorded asset if its recovery is no longer likely, or this is foreseen in a period over ten years, or if any previously unrecognised deferred tax asset is recorded, provided it is likely that the Company obtains future tax gains that enable its application.

Deferred tax assets and liabilities are appraised at the tax rates expected at the time of their reversion, according to current legislation and in accordance with the way in which it is rationally expected that the deferred tax asset or liability will be recovered or paid.

Deferred tax assets and liabilities are not deducted and they are classified as non-current assets and liabilities, regardless of the expected date of realization or liquidation.

4.10. INCOME FROM THE SALE OF GOODS OR SERVICES IS RECORDED AT THE FAIR VALUE OF THE COMPENSATION RECEIVED OR TO BE RECEIVED FROM THEM

Income from the sale of goods or services is recorded at the fair value of the compensation received or to be received from them. Discounts for upfront payment, volume or others are recorded as a reduction thereof.

Sales Income

Income from the sale of goods is recorded when the Company:

- Has transferred to the buyer the significant risks and benefits inherent in ownership of the goods;
- Is no longer involved in the current management of the sold goods to the degree usually associated with ownership, nor does it retain effective control over them;
- The amount of the income and the costs incurred or to be incurred can be reliably appraised;
- It is probable that the financial profits associated with the sale will be received.

Provision of Services

Income earned from services rendered is recorded at the time the service is provided. If the service has still not been provided on the closure date, the amount of the costs incurred up to the date of book closure is recorded as current inventories (work in progress), as is the provision for value impairment, if any, if the costs incurred up to the date of book closure are greater than the expected amount of income.

In the case of service provisions whose end result cannot be reliably estimated, the income is only recognized up to the limit of the recorded expenses that are recoverable.

4.11. PROVISIONS AND CONTINGENCIES

Provisions are recognized when the Company has a current obligation, whether legal, contractual, implicit or tacit, as a result of a past event, it is likely that resources incorporating future financial profits will be used to cancel such obligation, and a reliable estimate of the amount of the obligation can be made.

The amounts recorded in the balance sheet correspond to the best estimate on the closure date of the disbursements required to cancel the current obligation, once the risks and uncertainties related to the provision and, when significant, the financial effect caused by the discount have been considered, provided that the disbursements to be made in each period can be reliably determined. The discount rate is determined before taxes, considering the temporary monetary value, as well as the specific risks that have not been considered in the future flows related to the provision.

The financial effect of the provisions is recorded as financing costs in the profit and loss account.

Provisions revert against results when it is not likely that resources will be used to cancel such obligation.

Restructuring provisions

The provisions related to restructuring processes are recorded at the time that a formal detailed plan exists and there are valid expectations among the affected personnel that a rescission of the lobar relation will occur, either because execution of the plan has begun or else because its main features have been announced.

The restructuring provisions only include the disbursements directly related to the restructuring that are not associated with the Company's going concerns.

Dismantling, reclamation and similar provisions

The provisions referred to in this section are recorded in keeping with the general criteria for recognizing provisions, and they are recorded as the greater cost price of the tangible fixed asset items to which they are related when they arise from the acquisition or construction thereof, provided the asset on which they are recorded has not reached the end of its useful life (see section 4.2.).

Variations in the provision arising from changes in the amount, in the temporary structure of disbursements, or in the discount rate used to determine the current value thereof, increase or reduce the cost value of the tangible fixed asset with the limit of the carrying amount thereof, recognising the excess in the profit and loss account.

Changes in the amount of the provision that become apparent at the end of the useful life of the fixed asset are recorded in the profit and loss account as they occur.

The Company has been making the necessary provisions to cover the costs of reclaiming the natural space around mining operations, in accordance with the provisions of Royal Decree 2994/1982 of October 15, as well as to cover the costs of cessation of business and closure of the industrial installations in Juzbado and mining installations in Saelices el Chico.

The provisions for mining installation reclamation include the estimate of the income from ENRESA for its contribution to these reclamation projects, according to the agreements reached between the parties.

Also included are other provisions to meet probable or certain liabilities originating in risks and expenses stemming from execution of the activity, and which are certain or likely to occur but are indeterminate in terms of their exact amount or the date on which they will occur.

4.12. CAPITAL RESOURCES OF AN ENVIRONMENTAL NATURE

The Company undertakes operations whose main purpose is to prevent, reduce or repair any damages to the environment that may result from their activities. These activities currently focus on the reclamation and closure of the Saelices mining installations and the future costs of dismantling the Juzbado fuel assembly Factory.

The costs resulting from environmental activities are recorded as "Other operating expenses" under the item "environmental expenses" in the year they are incurred.

Those items that are likely to be incorporated into the Company's equity for use in its business on a long-lasting basis and whose primary purpose is to minimize the environmental impact and protect and improve the environment, including the reduction or elimination of future contamination by Group operations, are entered as tangible fixed assets, in keeping with the valuation rules indicated in Note 4.2 of this consolidated annual report.

The Company also sets up provisions to pay for environmental activities. Those compensations to be collected by the Company, if any, in relation to the origin of the environmental obligation are recorded as rights to payment in the balance sheet Assets, provided there are no doubts that this reimbursement will be received, without exceeding the amount of the recorded obligation.

4.13. PERSONNEL COSTS

In accordance with the current lobar legislation, the Company is required to pay compensations to those employees with whom, under certain conditions, it rescinds their lobar relations. The compensations for dismissal susceptible to reasonable quantification are recorded as an expense of the year in which there is a valid expectation created by the Company towards the affected third parties.

The Company records the expected cost of short-term remunerations in the form of paid leaves, the rights to which are accrued by the employees as they provide the services that entitle them to such leaves. In addition, the Company records the expected cost of variable remunerations for workers when there is a current, legal or implicit obligation resulting from past events and the value of the obligation can be reliably estimated.

4.14. SUBSIDIES

Subsidies, donations and legacies are entered as income and expenditure in net worth when the official grant, if necessary, is obtained and the conditions for granting them have been met, and there are no reasonable doubts about the reception thereof.

Subsidies received to finance specific expenses are charged to results in the year in which they are granted, as these correspond to costs incurred in the same year.

4.15. BUSINESS MERGERS

The operations of merger, spin-off and non-monetary contribution of a business between group companies are recorded as established for the transactions between related parties.

4.16. JOINT VENTURES

Joint ventures are those in which there is a statutory or contractual agreement to share control over an economic activity, so both financial and operational strategic decisions related to the activity require the unanimous consent of the Company and the rest of the partners.

For jointly controlled operations and assets, the Company records in the annual accounts the assets that are under its control, the liabilities it has incurred and the proportional part based on its percent share in the jointly controlled assets and jointly incurred liabilities, as well as the portion of income earned from the sale of goods or provision of services and the costs incurred by the joint venture. Likewise, the statement of changes in equity and the statement of cash flows also include the proportional part that pertains to the Company by virtue of the agreements reached.

The Company undertakes certain projects on a joint basis with other companies by setting up Temporary Joint Ventures (UTEs). The information on these UTEs is provided in note 17.

4.17. OPERATIONS WITH GROUP COMPANIES

The transactions between group companies are recorded by the fair value of the compensation made or received. The difference between this value and the agreed amount is recorded in accordance with the underlying financial asset.

4.18. NON-CURRENT ASSETS HELD FOR SALE

The heading "Non-Current Assets on Sale" of the balance sheet includes the assets whose book value is going to be essentially recovered through a sales transaction instead of by continued use. To classify non-current assets or disposable groups of items as held for sale, they must be available, in their current condition, for immediate disposal, subject exclusively to the usual and regular terms of a sales transaction, and write-off of the asset must also be considered as highly probable.

Non-current assets or disposable groups of items classified as held for sale are not amortized, and they are appraised by the lower of their book value and fair value, minus the sales costs.

There is no liability linked to the "Non-Current Assets Held for Sale".

4.19. LEASES

The Company has been granted the right to use certain assets under leasing contracts.

Leasing contracts that, at the beginning thereof, substantially transfer to the Company all the risks and benefits inherent in ownership of the assets are classified as financial leases, and they are otherwise classified as operating leases.

Fees stemming from operating leases, net of the incentives received, are linearly recorded as an expense during the term of the lease, except when another systematic basis for distribution is more representative because it more adequately reflects the timeframe of the lease profits.

4.20. CLASSIFICATION OF ASSETS AND LIABILITIES IN CURRENT AND NON-CURRENT

The Company presents the balance sheet with assets and liabilities classified as current and non-current. To this end, current assets and liabilities are those that meet the following criteria:

- Assets are classified as current when they are expected to be realized or they are intended to be sold or consumed in the course of the Company's normal operating cycle, they are held primarily for trading purposes, they are expected to be realized within a period of twelve months following the closure date, or the assets are cash or cash equivalents, except in those cases in which they cannot be exchanged or used to cancel a liability, at least during the twelve months following the closure date.
- Liabilities are classified as current when they are expected to be liquidated in the course of the Company's normal operating cycle, they are held primarily for trading purposes, they must be liquidated within a period of twelve months following the closure date, or the Company does not have the unconditional right to defer cancellation of the liabilities during the twelve months following the closure date.
- Financial liabilities are classified as current when they should be liquidated within the twelve months following the closure date, even though the original term is a period greater than twelve months and there is a long-term payment refinancing or restructuring agreement that has concluded after the closure date and before the annual accounts are prepared.

4.21. STATEMENT OF CONSOLIDATED CASH FLOWS

The statement of cash flows has been prepared using the indirect method, and the following expressions are used therein with the meaning indicated as follows:

- Operating activities: activities which constitute the ordinary income of the company, as well as other activities which cannot be classified as investing or financing activities.
- Investing activities: activities of acquisition, sale or disposal or other means of disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: activities which produce changes in the size and composition of the net worth and of liabilities which are not part of operating activities.

5. Tangible Fixed Assets

The analysis and breakdown of the balance sheet items included in this heading in 2018 and 2017 are as follows:

Thousands of euros

FINANCIAL YEAR 2018

Concept	Balance at 31.12.2017	Inflows	Outflows	Transfers	Balance at 31.12.2018
COST					
Properties and natural assets	3,377	-	-	-	3,377
Constructions	65,751	1	-	482	66,234
Technical installations, machinery & tools	66,964	1,375	(51)	2,411	70,699
Other installations	25,774	862		246	26,882
Data processing equipment & furniture	9,297	148	(6)	(7)	9,432
Other tangible fixed assets	12,550	132	(1)	885	13,566
Advances and fixed assets under construction	5,602	1,691	(47)	(4,017)	3,229
TOTAL	**189,315**	**4,209**	**(105)**	**-**	**193,419**
AMORTIZATIONS					
Constructions	(50,076)	(921)	-	-	(50,997)
Technical installations, machinery & tools	(58,832)	(1,747)	51	-	(60,528)
Other installations	(18,531)	(1,341)	-	-	(19,872)
Data processing equipment & furniture	(8,247)	(275)	6	-	(8,516)
Other tangible fixed assets	(10,046)	(493)	1	-	(10,538)
TOTAL	**(145,732)**	**(4,777)**	**58**	**-**	**(150,451)**
VALUATION ADJUSTMENTS FOR DEPRECIATION					
Properties and constructions	(982)	-	-	-	(982)
Technical installations and other tangible fixed assets	(226)	-	-	-	(226)
TOTAL	**(1,208)**	**-**	**-**	**-**	**(1,208)**
TANGIBLE FIXED ASSETS	**42,375**	**(568)**	**(47)**	**-**	**41,760**

Thousands of euros

FINANCIAL YEAR 2017 Concept	Balance at 31.12.2016	Inflows	Outflows	Transfers	Balance at 31.12.2017
COST					
Properties and natural assets	3,209	-	-	168	3,377
Constructions	63,652	2	(149)	2,246	65,751
Technical installations, machinery & tools	65,493	1,312	(6)	165	66,964
Other installations	23,304	647	(29)	1,852	25,774
Data processing equipment & furniture	8,554	221	(41)	563	9,297
Other tangible fixed assets	12,366	154	(4)	34	12,550
Advances and fixed assets under construction	5,083	5,070	-	(4,551)	5,602
TOTAL	**181,661**	**7,406**	**(229)**	**477**	**189,315**
AMORTIZATIONS					
Constructions	(48,726)	(1,352)	2	-	(50,076)
Technical installations, machinery & tools	(57,433)	(1,405)	6	-	(58,832)
Other installations	(17,341)	(1,213)	23	-	(18,531)
Data processing equipment & furniture	(8,039)	(237)	29	-	(8,247)
Other tangible fixed assets	(9,576)	(472)	2	-	(10,046)
TOTAL	**(141,115)**	**(4,679)**	**62**	**-**	**(145,732)**
VALUATION ADJUSTMENTS FOR DEPRECIATION					
Properties and constructions	(1,014)	-	32	-	(982)
Technical installations and other tangible fixed assets	(245)	-	19	-	(226)
TOTAL	**(1,259)**	**-**	**51**	**-**	**(1,208)**
TANGIBLE FIXED ASSETS	**39,287**	**2,727**	**(116)**	**477**	**42,375**

There have been no changes in the estimate of loss of value of the biogas electrical energy generation plant.

The most significant investments that have been made in the company in the financial year 2018, amounting to 4,209 thousand Euros, were related to the acquisition of a californium source for the active scanner, at the construction cost of the new passive scanner, to the acquisition of an air system for ventilation and air conditioning, furnaces modification, machinery for inspection in nuclear power plants and the construction of a plant to manufacture technosols.

The most significant investments made in the financial year 2017, amounting to 7,406 thousand Euros, correspond to the remodelling of the new offices in Madrid; in the Juzbado factory, to the acquisition of an air system for ventilation and air conditioning, to the construction cost of the new passive scanner, to the acquisition of a californium source for active scanner, and to adapt the physical protection network; and in Saelices, to the construction of a plant of technosols.

The net transfers received in the year 2017 amounting to 477 thousand Euros came from the Intangible Fixed Assets, in the amount of 6 thousand Euros (see note 6) and from Non-Current Assets held for sale, in the amount of 471 thousand Euros (see note 18). The book transactions for asset item revaluation, carried out by virtue of RDL 7/1996 in financial years 2018 and 2017, were as follows:

Thousands of euros

Concept	Balance at 31.12.2016	Inflows	Outflows	Balance at 31.12.2017	Inflows	Outflows	Balance at 31.12.2018
COST							
Properties and constructions	6,120	-	-	6,120	-	-	6,120
Technical installations and other tangible fixed assets	892	-	-	892	-	-	892
TOTAL	**7,012**	**-**	**-**	**7,012**	**-**	**-**	**7,012**
AMORTIZATIONS							
Properties and constructions	(5,156)	(245)	-	(5,401)	(144)	-	(5,545)
Technical installations and other tangible fixed assets	(892)	-	-	(892)	-	-	(892)
TOTAL	**(6,048)**	**(245)**	**-**	**(6,293)**	**(144)**	**-**	**(6,437)**
TANGIBLE FIXED ASSETS	**964**	**(245)**	**-**	**719**	**(144)**	**-**	**575**

The amortizations planned for financial year 2019 from the 1996 revaluation of the different asset items will amount to approximately 5 thousand Euros.

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The non-operating tangible fixed assets at 31 December 2018 and 2017 correspond to land at the Saelices Work Center adjacent to the mining operations, whose net book value at 31 December 2018 and 2017, once the 848 thousand Euro value adjustment due to impairment is considered, amounts to 1,932 thousand Euros.

The amount of the assets in use of the tangible fixed assets amortized in full at 31 December 2018 and 2017 is as follows:

Thousands of euros

	2018	2017
Constructions	46,754	21,515
Technical installations, machinery & tools	52,494	51,571
Other installations	13,993	13,819
Data processing equipment & furniture	7,573	7,420
Other tangible fixed assets	7,239	6,824
	128,053	101,149

The firm investment commitments that have materialized in purchase orders amount to approximately 1,087 thousand Euros at 31 December 2018 (1,960 thousand Euros at 31 December 2017).

The Company has taken out insurance policies on equity risks with coverage that insures all capital assets and goods in full, as well as any possible claims that may be filed due to the conduct of its business, and the Company Administrators consider that these policies sufficiently cover the risks to which they are exposed.

6. Intangible Fixed Assets

The breakdown and activity of this heading in 2018 and 2017 are shown below:

Thousands of euros

FINANCIAL YEAR 2018

Concept	Balance at 31.12.2017	Inflows	Outflows	Other	Transfer	Balance at 31.12.2018
COST						
Patents, licenses, brands & similar	2,238	-	-	-	-	2,238
Computer applications	5,772	209	-	-	79	6,060
Advances and fixed assets under construction	35	130	(9)	-	(79)	77
Concession agreements, regulated asset	40,607	1,361	-	-	-	41,968
Concession agreements, financial capitalization	5,782	655	-	-	-	6,437
TOTAL	**54,434**	**2,355**	**(9)**	**-**	**-**	**56,780**
AMORTIZATIONS						
Patents, licenses, brands & similar	(2,238)	-	-	-	-	(2,238)
Computer applications	(5,456)	(196)	-	-	-	(5,652)
Concession agreements, regulated asset	(12,086)	(2,133)	-	-	-	(14,219)
TOTAL	**(19,780)**	**(2,329)**	**-**	**-**	**-**	**(22,109)**
INTANGIBLE FIXED ASSETS	**34,654**	**26**	**(9)**	**-**	**-**	**34,671**

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FINANCIAL YEAR 2017 Concept	Balance at 3 1.12.2016	Inflows	Outflows	Other	Transfer	Balance at 31.12.2017
COST						
Patents, licenses, brands & similar	2,238	-	-	-	-	2,238
Computer applications	5,554	107	-	-	111	5,772
Advances and fixed assets under construction	116	36	-	-	(117)	35
Concession agreements, regulated asset	41,662	1	-	(1,056)	-	40,607
Concession agreements, financial capitalization	4,999	783	-	-	-	5,782
TOTAL	**54,569**	**927**	**-**	**(1,056)**	**(6)**	**54,434**
AMORTIZATIONS						
Patents, licenses, brands & similar	(2,238)	-	-	-	-	(2,238)
Computer applications	(5,284)	(171)	-	(1)	-	(5,456)
Concession agreements, regulated asset	(10,233)	(2,037)	-	184	-	(12,086)
TOTAL	**(17,755)**	**(2,208)**	**-**	**183**	**-**	**(19,780)**
INTANGIBLE FIXED ASSETS	**36,814**	**(1,281)**	**-**	**(873)**	**(6)**	**34,654**

The total investment included in the heading "Concession agreement, regulated asset" corresponds to assets of a reversible nature that will be delivered by the UTE RSU to the granting entity at the end of the concession period, in compliance with the provisions of the concession contract. The Company does not expect to incur expenses stemming from the reversion at the end of this period other than those already considered in the Economic-Financial Plan.

The main items of the intangible fixed assets correspond to those related to the concession agreement that comprises the activity of the UTE RSU. Specifically, they correspond to different installations for the treatment and management of the urban solid waste from the 49 municipalities that make up the Consortium for Execution of the Planned Work for the Zonal Waste Plan of Zone 1 (Castellón) and that are geographically located in the northern part of the province of Castellón.

In addition, these assets include estimated costs amounting to 2,291 thousand Euros as at December 31, 2018 and (1,323 thousand Euros in 2017), which correspond to the obligation to seal and the subsequent surveillance of the landfill of the waste treatment plant and 1,556 thousand Euros as at December 31, 2018 (1,270 thousand Euros as at December 31, 2017), corresponding to the future construction of additional cells in the landfill (see note 13). These amounts are included under the heading "Concession agreement, regulated asset".

The amount of the financing costs incurred in the construction period and capitalized, at 31 December 2018 and 2017, as an increased value of the fixed asset is 981 thousand Euros, and they are included under the heading "Concession agreement, regulated asset".

Additionally, part of the financing costs incurred in the financial year have been capitalized, after the operating period had begun, under the heading "Concession agreement, financial capitalization", in the amount of 655 thousand Euros (783 thousand Euros in 2017).

The most significant entries in the financial year 2018 in Intangible Fixed Assets (Concession Agreements, Regulated Assets) relate to those arising from the amounts for the Provisions for the sealing and surveillance of the landfill and for the construction of cells therein, amounting to 1,315 thousand Euros (see Note 13).

All the figures related to the Intangible Fixed Assets corresponding to Concession agreements and indicated in the above paragraphs are shown by the amount incorporated into ENUSA's accounts, in accordance with its percent share in the UTE RSU.

The amount of the assets in use of the intangible fixed assets amortized in full at 31 December 2018 and 2017 is as follows:

Thousands of euros

	2018	2017
Patents, licenses, brands & similar	2,238	2,238
Computer applications	5,238	5,090
	7,476	7,328

7. Leasing and Other Similar Operations

7.1. OPERATING LEASES

During 2018, the Company has had assets subject to operating lease arrangements, accruing an expense during the year of 304 thousand Euros for this item (263 thousand Euros in 2017).

There are no minimum future payments expected for non-cancelable operating leases, as all the leases are considered as annually cancelable.

8. Financial Instruments

8.1. INFORMATION ON THE RELEVANCE OF FINANCIAL INSTRUMENTS TO THE COMPANY'S FINANCIAL POSITION AND RESULTS

8.1.1. Balance sheet-related information

a) Categories of financial assets and liabilities.

The book value of the Company's various financial assets and liabilities at 31 December 2018 and 2017, based on their qualification, is as follows:

a.1) Financial assets (except for investments in group, multi-group and associated company equity):

Thousands of euros

	CLASSES OF FINANCIAL ASSETS										TOTAL	
	Long-term finantial assets						Short-term finantial assets					
	Financial investments		Loans, Derivatives and other		Long-term total		Loans, Derivatives and other		Short-term total			
Categories of financial assets	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Cash and other cash equivalents	-	-	-	-	-	-	5,790	3,226	5,790	3,226	5,790	3,226
Loans and accounts receivable	-	-	2,629	2,497	2,629	2,497	54,652	64,257	54,652	64,257	57,281	66,754
Assets available for sale – Appraised at cost	268	264	-	-	268	264	-	-	-	-	268	264
Hedge derivative		-	104	3	104	3	365	240	365	240	469	243
TOTAL	**268**	**264**	**2,733**	**2,500**	**3,001**	**2,764**	**60,807**	**67,723**	**60,807**	**67,723**	**63,808**	**70,487**

a.2) Financial Liabilities:

Thousands of euros

	CLASSES OF FINANCIAL LIABILITIES												TOTAL	
	Long-term finantial liabilities						Short-term finantial liabilities							
	Bank loans		Trade creditors, derivatives and other		Long-term total		Bank loans		Trade creditors, derivatives and other		Short-term total			
Categories of financial liabilities	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Debts and Accounts Payable	18,993	130,419	3,470	2,739	22,463	133,158	183,708	99,117	73,960	96,786	257,668	195,903	280,131	329,061
Hedge derivative	-	-	3,141	3,864	3,141	3,864	-	-	948	2,401	948	2,401	4,089	6,265
TOTAL	**18,993**	**130,419**	**6,611**	**6,603**	**25,604**	**137,022**	**183,708**	**99,117**	**74,908**	**99,187**	**258,616**	**198,304**	**284,220**	**335,326**

b) Classification by maturities

The breakdown by maturity date of the financial assets and liabilities with a determined or determinable maturity, at 31 December 2018 and 2017 is as follows (it does not include financial investments in companies of the group, multi-group and associated companies):

Thousands of euros

FINANCIAL YEAR 2018	Short-term	Long-term					
Financial Assets	2019	2020	2021	2022	2023	Rest	Long-term total
Financial investments (*)	-	-	-	-	-	268	268
Loans to Group companies (Note 20)	39,001						-
Derivatives	365	27	-	7	41	29	104
Other third-party loans	424	-	-	-	-	-	-
Other financial assets	30	-	-	-	-	2,629	2,629
Trade debtors & other accounts receivable	15,197	-	-	-	-	-	-
Cash and other cash equivalents	5,790	-	-	-	-	-	-
TOTAL	**60,807**	**27**	**-**	**7**	**41**	**2,926**	**3,001**

(*) Without specific maturity

Thousands of euros

FINANCIAL YEAR 2018	Short-term	Long-term					
Financial Liabilities	2019	2020	2021	2022	2023	Rest	Long-term total
Group and associated company accounts (Note 20)	552	556	547	544		836	2,483
Bank loans	183,708	1,638	1,705	1,716	1,886	12,048	18,993
Derivatives	948	8	39	19	14	3,061	3,141
Other financial liabilities	2,169	127	171	120	120	449	987
Trade creditors and other accounts payable	71,239	-	-	-	-	-	-
TOTAL	**258,616**	**2,329**	**2,462**	**2,399**	**2,020**	**16,394**	**25,604**

Thousands of euros

FINANCIAL YEAR 2017	Short-term	Long-term					
Financial Assets	2018	2019	2020	2021	2022	Rest	Long-term total
Financial investments (*)	-	-	-	-	-	264	264
Loans to Group companies (Note 20)	42,001	-	-	-	-	-	-
Derivatives	240	3	-	-	-	-	3
Other third-party loans	457	-	-	-	-	-	-
Other financial assets	30	-	-	-	-	2,497	2,497
Trade debtors & other accounts receivable	21,769	-	-	-	-	-	-
Cash and other cash equivalents	3,226	-		-	-	-	-
TOTAL	**67,723**	**3**	**-**	**-**	**-**	**2,761**	**2,764**

(*) Without specific maturity

Thousands of euros

FINANCIAL YEAR 2017	Short-term	Long-term					
Financial Liabilities	2018	2019	2020	2021	2022	Rest	Long-term total
Group and associated company accounts (Note 20)	1,098	561	561	561	-	338	2.021
Bank loans	99,117	111,443	1,633	1,700	1,711	13,932	130,419
Derivatives	2,401	568	-	-	-	3,296	3,864
Other financial liabilities	1,096	112	122	131	45	308	718
Trade creditors and other accounts payable	94,592	-	-	-	-	-	-
TOTAL	**198,304**	**112,684**	**2,316**	**2,392**	**1,756**	**17,874**	**137,022**

The amount of long-term bank loans, both long- and short-term, corresponds, mainly, to loans made to the Company by various credit institutions for the purpose of financing the supply management, which includes the supply stocks.

In addition, the amount corresponding to the financing related to the execution of works and service management has been incorporated, which corresponds to the "Project for urban solid waste management for the Zonal Waste Plan of Zone 1 of Castellón", managed by the UTE RSU. During 2010, in order to finance the project, the UTE RSU formalized with two banks a financing contract through the Project-Finance modality. The maximum limit thereof is 33,000 thousand Euros and the balance prepared as at December 31, 2018 (integrated in ENUSA's accounts at the percentage of ENUSA's participation in the UTE RSU) is 20,488 thousand Euros (21,766 thousand Euros as at December 31 of 2017.) The clauses of this financing agreement include the requirement that the borrower comply with certain financial ratios as of the beginning of the project exploitation period (2012). These ratios were being met at the end of this year and the previous year and no failure to comply with them is expected in the new twelve months.

The current interest rates are market interest rates.

c) Financial assets available for sale

These correspond to financial investments in companies that are not considered as group, multi-group or associated companies and which the Company does not plan to dispose of in the short term. Given that these Equity Instruments are not listed on any active market, they are assessed in the books at their cost minus the possible value impairment. The book value, at the closing of financial years 2018 and 2017, of these financial assets is as follows:

	Thousands of euros	
	2018	**2017**
Cetramesa	195	195
Sociedad Agraria de Transformación (participation UTE RSU)	73	69
	268	**264**

During the financial years 2018 and 2017 the Company has not received dividends from the above mentioned companies.

In 2017 non-listed shares were sold, whose book value was nil (their impairment was recorded at 100% in previous years), thus a gain of 8,500 thousand Euros was recorded in the mentioned year.

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d) Corrections for value impairment

The analysis of the transactions of the representative adjustment accounts for losses due to impairment originating in the credit risk (mainly of customers and sundry debtors) for 2018 and 2017 is as follows:

Thousands of euros

Balance at 1 January 2017	**5,202**
Provisions	782
Reversions and applications	(72)
Balance at 31 December 2017	**5,912**
Provisions	712
Reversions and applications	-
Balance at 31 December 2018	**6,624**

The provision made in the financial year in the amount of 712 thousand Euros (782 thousand Euros in 2017) comes almost in its entirety from the amount provisioned in the UTE RSU (integrated in ENUSA at its investment percentage therein), with it corresponding to the estimate of the possible non-payment of part of the invoices issued (related to adjustments in the payment to receive for the management of the service, according to the financial conditions borne by the UTE RSU).

The reversal recorded in the financial year 2017, amounting to 72 thousand Euros, related to an excess of provision likewise from the UTE RSU.

The amount recorded in heading "Losses, impairment and variation of provisions for commercial operations" in the Profit and Loss account in the financial year 2018 amounting to 691 thousand Euros arises from the net movement of provisions and reversals of the financial year, for 712 thousand Euros, less the excess of provisions for commercial operations for 21 thousand Euros (in 2017, the total of 730 thousand Euros made up of a net provision for reversals of 710 thousand Euros, plus provisions for commercial operations for 20 thousand Euros).

8.1.2. Miscellaneous Information

a) Hedge Accounting

At 31 December 2018 and 2017, the Company had declared the following hedge derivative transactions:

- Interest rate swap operations, designated as derivative financial instrument for the interest rate risk existing on financial liabilities at amortized cost (long-term bank loans).
- Foreign currency purchase/sale operations with various entities, designated as hedging the exchange rate risk existing on highly probable planned transactions (payments to trade creditors).

All the operations meet the requirements contained in the reporting and valuation rule relative to hedge accounting, as each operation is individually documented for its designation as such and they are shown to be highly effective at both the prospective level, verifying that the expected changes in the cash flows of the hedged item that are attributable to the hedged risk will be almost completely offset by the expected changes in the cash flows of the derivative financial instrument, and at the retrospective level, on verifying that the hedge results have fluctuated within a range of variation of eighty to one hundred twenty-five percent with respect to the result of the hedged item.

The fair and notional values of the derivatives designated as derivative financial instruments, separated by class of hedge and in the years in which the cash flows are expected to occur, are as follows:

FINANCIAL YEAR 2018	Thousands of euros	Foreign Currencies (in Thousands) Notional amount				
	Fair Value at 31.12.2018	2019	2020	2021	Rest	Total
Assets						
Exchange insurance (2)	469	17,483	11,000	-	26,000	**54,483**
Liabilities						
Financial swaps on interest rates (1)	3,893	20,000	-	-	16,764	**36,764**
Exchange insurance (2)	146	4,996	-	12,000	5,000	**21,996**
Exchange insurance (3)	50	1,843	1,500	1,500	5,000	**9,843**

(1) Notional amount stated in thousands of Euros
(2) Notional amount stated in thousands of US Dollars
(3) Notional amount stated in thousands of Pounds Sterling

FINANCIAL YEAR 2017	Thousands of euros	Foreign Currencies (in Thousands) Notional amount				
	Fair Value at 31.12.2017	2018	2019	2020	Rest	Total
Assets						
Financial swaps on interest rates (1)	3	-	10,000	-	-	**10,000**
Exchange insurance (2)	240	4,000	-	-	-	**4,000**
Liabilities						
Financial swaps on interest rates (1)	4,469	20,000	10,000	-	17,899	**47,899**
Exchange insurance (2)	1,633	38,163	6,000	-	-	**44,163**
Exchange insurance (3)	163	1,315	-	-	-	**1,315**

(1) Notional amount stated in thousands of Euros
(2) Notional amount stated in thousands of US Dollars
(3) Notional amount stated in thousands of Pounds Sterling

The notional amount of the declared contracts does not represent the actual risk assumed by the Company in relation to these instruments. The fair value of the derivatives designated as derivative financial instruments is assimilated into the sum of the future cash flows originating in the instrument, deducted on the valuation date. In this sense, to calculate the fair value the Company uses the commonly accepted methodology and the necessary market data, likewise verifying that the estimated fair value of each operation is not significantly different from the market valuation provided by the entity with which the corresponding operation has been contracted.

The fair value of these operations, net of taxes, has as balancing entry the heading "Net worth-Valuation adjustments-Cash flow hedges", incorporated into the Company's equity.

The activity recorded under the heading "Net worth-Valuation adjustments-Cash flow hedges" in 2018 and 2017 is as follows:

Thousands of euros

	2018	2017
Balance on 31 December of previous year (profits)/losses	**4,283**	**(336)**
Amounts recorded in Net Worth for change in fair value of hedging operations	(1,688)	5,247
Amount charged to the P&L account from net worth	(695)	911
- Supplies	73	1,768
- Other operating expenses	32	(10)
- Financial expenses	(801)	(846)
- Tangible fixed assets	1	(1)
Tax effect	595	(1,539)
Balance at 31 December current year (profits)/losses charged to net worth	**2,495**	**4,283**

b) Fair Valuee

The book value of the loans and accounts receivable assets, as well as debts and accounts payable, for both trade and non-trade operations is an acceptable approximation of their fair value.

c) Investments in Group, Multi-Group and Associated Companies

The investments in group companies in 2018 and 2017 correspond to the following companies in which ENUSA has majority voting rights:

Name	Head Office	Company Activities
EXPRESS TRUCK, S.A.U., S.M.E. (ETSA)	Ctra. Salamanca-Vitigudino, km 0,7 (Cetramesa) (Salamanca)	All types of transports, both national and foreign, in all its extension and with any modality and merchandise, including hydrocarbons, chemical products, radioactive material and others.
EMPRESA PARA LA GESTIÓN DE RESIDUOS INDUSTRIALES, S.A., S.M.E., M.P. (Emgrisa)	C/ Santiago Rusiñol 12, 28040 (Madrid)	Performance of any activities necessary for the proper management of the programs and actions of the National Industrial Waste Plan to which the Law 20/1986 of 14 May refers, aimed at the rationalization and coordination of the management of these resources.

None of the group company shares is listed on the stock market.

The breakdown of the net worth and the value of the ENUSA investment in the group companies in which the Company has a direct controlling share at 31 December 2018 and 2017, according to their individual audited accounts, is as follows:

Thousands of euros

FINANCIAL YEAR 2018 Name	% Direct Share	Capital	Reserves	After-Tax P&L	Value changes adjustments	Subsidies	Book value of investment
EXPRESS TRUCK, S.A.U., S.M.E. (ETSA)	100.00	301	5,676	984	-	-	528
EMPRESA PARA LA GESTIÓN DE RESIDUOS INDUSTRIALES, S.A., S.M.E., M.P. (Emgrisa)	99.62	7,813	3,574	149	(17)	4,837	4,655
TOTAL		8,114	9,250	1,133	(17)	4,837	5,183

Last year audited: 2017.

Thousands of euros

FINANCIAL YEAR 2017 Name	% Direct Share	Capital	Reserves	After-Tax P&L	Value changes adjustments	Subsidies	Book value of investment
EXPRESS TRUCK, S.A.U., S.M.E. (ETSA)	100.00	301	5,265	821	-	-	528
EMPRESA PARA LA GESTIÓN DE RESIDUOS INDUSTRIALES, S.A., S.M.E., M.P. (Emgrisa)	99.62	7,813	3,591	(17)	(18)	4,839	4,655
TOTAL		8,114	8,856	804	(18)	4,839	5,183

In 2018, the Company has received dividends from the group companies amounting to 410 thousand Euros (447 thousand Euros in 2017).

The investments in multi-group and associated companies in 2018 and 2017 correspond to the following companies:

Name	Head Office	% Direct share	% Indirect share	Company activities
MULTI-GROUP COMPANIES				
ENUSA-ENSA, A.I.E.	Santiago Rusiñol, nº 12 (Madrid)	50.00		Repair of fuel assemblies for PWR-type light water reactors, as well as other services related to the reactor core and its components.
ASSOCIATED COMPANIES				
GNF ENUSA NUCLEAR FUEL, S.A.	Juan Bravo, 3-C (Madrid)	49.00		Marketing of nuclear fuel and provision of engineering services for this fuel.
CETRANSA, S.A.	Pol Industrial Los Barriales, Santovenia de Pisuerga (Valladolid)		29.89 (1)	Management and treatment of Industrial waste.
REMESA, S.A.	Plaza de España, s/n (Melilla)		49.81 (1)	Integrated operation and management of treatment plant of urban waste.
SPANISH NUCLEAR GROUP FOR COOPERATION, A.I.E.	Santiago Rusiñol, nº 12 (Madrid)	25.00		Commercial promotion of products and services for nuclear plants in the People´s Republic of China and other countries of common interest for the partners.

(1) Emgrisa invested company

None of the shares of multi-group and associated companies are listed on the stock market.

The breakdown of the net worth, the dividends received and the value of the investment, without including outstanding disbursements, in the multi-group and associated companies directly controlled by ENUSA at 31 December 2018 and 2017, according to their individual audited accounts, is as follows:

Thousands of euros

FINANCIAL YEAR 2018 Name	% Share	Stated Capital	Reserves	After-Tax P&L	Value changes adjustments	Received dividends	Book value of investment
MULTI-GROUP COMPANIES							
ENUSA-ENSA, A.I.E. (*)	50.00	421	12	393	112	165	210
ASSOCIATED COMPANIES							
GNF ENUSA NUCLEAR FUEL, S.A.	49.00	108	22	136	-	164	53
SPANISH NUCLEAR GROUP FOR COOPERATION, A.I.E. (*)	25.00	24	52	15	-	-	42
TOTAL		553	86	544	112	329	305

Last year audited: 2017.
(*) Not audited.

Thousands of euros

FINANCIAL YEAR 2017 Name	% Share	Stated Capital	Reserves	After-Tax P&L	Value changes adjustments	Received dividends	Book value of investment
MULTI-GROUP COMPANIES							
ENUSA-ENSA, A.I.E. (*)	50.00	421	12	330	126	123	210
ASSOCIATED COMPANIES							
GNF ENUSA NUCLEAR FUEL, S.A.	49.00	108	22	269	-	85	53
SPANISH NUCLEAR GROUP FOR COOPERATION, A.I.E. (*)	25.00	24	40	10	-	-	42
TOTAL		553	74	609	126	208	305

Last year audited: 2016.
(*) Not audited. In 2017 the company name of ENUSA-ENWESA, A.I.E was changed to ENUSA-ENSA, A.I.E. was unanimously approved by the shareholders' meeting.

As at December 31, 2018 and 2017, 135 thousand Euros are pending to be disbursed from ENUSA-ENSA, A.I.E.

d) Sundry Information.

ENUSA has signed credit lines with short-term maturity with different financial institutions for a limit of 94,490 thousand Euros (95,490 thousand Euros on 31 December 2017), of which at 31 December 2018, 71,570 thousand Euros (37,046 thousand Euros at 31 December 2017) had been drawn down.

The current interest rates on the credit lines are market interest rates.

8.2. INFORMATION ON THE NATURE AND LEVEL OF RISK OF FINANCIAL INSTRUMENTS

a) Credit Risk

The credit risk is produced by the possible loss caused by breach of the contractual obligations of the counterparts of the Company, that is, by the possibility of not recovering the financial assets at the book value and in the established period. In this regard, the exposure to the credit risk at 31 December is concentrated, basically, in the following items:

Thousands of euros

	2018	2017
Customers for sales and services	11,121	19,154
Loans to group and associated companies	39,001	42,001
TOTAL	50,122	61,155

With respect to the relative risk of accounts receivable from customers, it should be highlighted that ENUSA main activities are based, on one hand, on the supply of enriched uranium to the electric utilities that own nuclear reactors and, on the other, on the manufacture and sale of fuel assemblies for nuclear-based electric power production. In this respect, the list of ENUSA's main customers includes a leading group of large electric utilities of recognized solvency. The fuel supply and loading contracts signed with customers are long-term contracts with exact planning of dates and volumes to enable adequate management of the sales volumes and, accordingly, of the payment periods inherent therein. Both the supply and the manufacturing contracts provide for the reception of amounts by way of advances on future sales, which constitute an element of minimizing the possible risk. At 31 December 2018, the balance of advances on account received from customers, to be applied in 2019, is 43,710 thousand Euros (38,090 thousand Euros at 31 December 2017).

In reference to Loans to group and associated companies, these correspond to the so-called "Intersepi deposits". This is an instrument created by SEPI to optimize the management of its cash and that of its group of companies, through the intermediation of the supply and demand of cash surpluses. In this SEPI system, the corresponding intermediation operations are performed, acting as counterpart of both parts (fund-taking entities/fund-depositing entities). The placement of the cash surpluses of ENUSA through this mechanism is a priority option included in the "Regulating Rules of the Authorization and Supervision System of Acts and Operations of the SEPI Group".

b) Liquidity Risk

Prudent management of the liquidity risk means keeping sufficient cash on hand and having funding available through a sufficient amount of credit facilities. In this respect, the ENUSA strategy is to maintain the necessary flexibility in financing through the availability of both long-term loans and short-term credit lines, such that all contingencies that directly affect the Company treasury are fully hedged.

c) Market Risk

- Interest rate risk. All the long-term debt of the Company finances the supply management, which includes the supply stocks whose financial burden is fully transferred to the sales price of the enriched uranium. Nevertheless, the Company has chosen to hedge the interest rate risks on a part of the long-term debt, by contracting interest rate swaps (see Note 8.1.2.) Furthermore, there are four contracts to hedge the interest rate for the long-term credit signed by the UTE RSU.
- Exchange rate risks. The need to purchase fuel assembly supplies and components on the international market, as well as the sales to be made to foreign customers in their own currency, requires ENUSA to implement an exchange rate risk management. The main objective is to reduce the negative impact of the exchange rate variability on the income statement, so as to possibly be protected against adverse movements and, if appropriate, to take advantage of a favourable evolution. In this sense, in order to manage risks, the Company agrees to use the purchase / sale of forward currencies (exchange insurance), thereby fixing for future payments/collections a known exchange rate at a specified date, which may likewise be subject to temporary adjustment to be adapted and applied to cash flows. The amount committed at year's end to this type of operations is itemized in note 8.1.2.

8.3. TOTAL EQUITY

The composition and activity of the total equity are shown in the statement of changes in the net worth.

At 31 December 2018 and 2017 the ENUSA share capital is fully paid for and is composed of 200,000 common bearer shares with a nominal value of 300.51 Euros each and with equal political and economic rights. The breakdown of the shareholders is as follows:

	% share
- State Industrial Agency SEPI	60
- Centro de Investigaciones Energéticas, Medioambientales y Tecnológicas (CIEMAT)	40
	100

Provisions for the Legal Reserve have been made by applying 10% of the earnings from the different years. At 31 December 2018 and 2017, this reserve is constituted, reaching 20% of share capital. This reserve is not freely available and can only be used to offset losses, if no other reserves are available for this purpose, and to increase the share capital in the part of its balance that exceeds 10% of the already issued capital.

In financial year 2007, the existing balance in the Revaluation Reserve (Royal Decree-Law 7/1996 of June 7), amounting to 6,937 thousand Euros, was transferred to Voluntary Reserves as resolved by the General Shareholders' Meeting of 15 June 2008. Of this figure, the amount corresponding to the quantities pending amortization of the revalued assets (see Note 5) are not available.

The rest of the Voluntary Reserves are freely available as at December 31, 2018 and 2017.

9. Inventories

The distribution of stocks of Raw Materials and other supplies at 31 December 2018 and 2017 is as follows:

Thousands of euros

	2018	2017
The supply management stocks	226,916	262,977
Other industrial activity stocks	24,723	25,082
Other supplies	12,208	11,545
TOTAL	**263,847**	**299,604**

The supply management stocks include, at 31 December 2018 and 2017, in the amount of 8,310 and 8,062 thousand Euros, respectively, in financing costs.

Additional Information on Inventories

The Finished products and Products in progress accounts, which are shown under the Inventories heading of the balance sheet assets, amounting to 6,413 and 7,154 thousand Euros at 31 December 2018 (6,600 and 14,544 thousand Euros at 31 December 2017) mostly correspond to the costs of the fuel assemblies pending delivery at year's end, and they are classified into one account or the other depending on whether or not they have been completely finished.

The Advances account shown under the Inventories heading of the Balance Sheet assets for 2,082 and 4,853 thousand Euros at 31 December 2018 and 2017, respectively, correspond to advances to suppliers of the industrial activities.

The most important firm purchase commitments of the Company correspond to long-term contracts with foreign suppliers for the supply of the Supply Management, and they vary in amount; therefore their economic quantification is also variable.

As for the most important firm sales commitments, these are long-term contracts with electric utility customers for the sale of enriched uranium and refuellings.

Most of the inventories of the Supply Management are located outside the national territory because of the conversion and enrichment processes required before sale, which take place outside Spain.

There is no limitation whatsoever on inventories by way of guarantees, pledges, deposits or other similar items.

ENUSA has taken out insurance policies to cover possible damages that could occur to the uranium inventories in its warehouses, as well as all damages that could occur during transportation and shipping of concentrates and natural and enriched uranium and to the casks required for these transports by land, sea, air or a combination of these.

The breakdown of the value corrections due to impairment of products in progress and finished products in 2018 and 2017, recorded in the P&L account, is as follows:

Thousands of euros

Balance on 1 January 2017	**2**
Provisions	–
Reversions	(2)
Balance on 31 December 2017	**-**
Provisions	91
Reversions	–
Balance on 31 December 2018	**91**

10. Foreign Currency

The breakdown of the amount of the asset and liability items denominated in foreign currency at 31 December 2018 and 2017 is:

Thousands of euros

FINANCIAL YEAR 2018	US Dollar equivalent value in Euros	Pound Sterling equivalent value in Euros	Other equivalent value in Euros	Total equivalent value in Euros
ASSETS DENOMINATED IN FOREIGN CURRENCY				
Derivatives	469	-	-	469
Trade debtors & other accounts receivable	54	-	55	109
Advances to suppliers	1,621	-	-	1,621
Other cash equivalents	6	5	3	14
TOTAL	2,150	5	58	2,213
LIABILITIES DENOMINATED IN FOREIGN CURRENCY				
Derivatives	84	112	-	196
Trade creditors and other accounts payable	1,857	-	-	1,857
TOTAL	1,941	112	-	2,053

Thousands of euros

FINANCIAL YEAR 2017	US Dollar equivalent value in Euros	Pound Sterling equivalent value in Euros	Other equivalent value in Euros	Total equivalent value in Euros
ASSETS DENOMINATED IN FOREIGN CURRENCY				
Derivatives	240	-	-	240
Trade debtors & other accounts receivable	36	-	55	91
Advances to suppliers	4,133	-	-	4,133
Other cash equivalents	4	6	8	18
TOTAL	4,413	6	63	4,482
LIABILITIES DENOMINATED IN FOREIGN CURRENCY				
Derivatives	1,633	163	-	1,796
Trade creditors and other accounts payable	1,916	380	-	2,296
TOTAL	3,549	543	-	4,092

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The transactions carried out in foreign currency in 2018 and 2017 were:

Thousands of euros

FINANCIAL YEAR 2018	US Dollar equivalent value in Euros	Pound Sterling equivalent value in Euros	Yen equivalent value in Euros	Other equivalent value in Euros	Total equivalent value in Euros
Sales	-	-	-	-	-
Services rendered	490	-	-	-	490
TOTAL	490	-	-	-	490
Supplies	53,606	1,983	25	1	55,615
Outsourcing	1,429	22	-	-	1,451
TOTAL	55,035	2,005	25	1	57,066

Thousands of euros

FINANCIAL YEAR 2017	US Dollar equivalent value in Euros	Pound Sterling equivalent value in Euros	Yen equivalent value in Euros	Other equivalent value in Euros	Total equivalent value in Euros
Sales	-	-	-	-	-
Services rendered	-	-	-	115	115
TOTAL	-	-	-	115	115
Supplies	77,201	2,483	-	1	79,685
Outsourcing	1,656	48	-	-	1,704
TOTAL	78,857	2,531	-	1	81,389

The amount of the exchange differences recorded in the 2018 and 2017 P&L, classified by type of financial instrument, has been:

	Thousands of euros		
	Exchange differences recorded in the year's P&L (+) Profits (-) Losses		
FINANCIAL YEAR 2018	Transactions liquidated during the year	Transactions pending	Total
Class of Assets			
Derivatives	75	-	75
Trade debtors & other accounts receivable	18	(1)	17
TOTAL	93	(1)	92
Class of Liabilities			
Derivatives	122	-	122
Trade creditors and other accounts payable	(488)	208	(280)
TOTAL	(366)	208	(158)
NET	**(273)**	**207**	**(66)**

	Thousands of euros		
	Exchange differences recorded in the year's P&L (+) Profits (-) Losses		
FINANCIAL YEAR 2017	Transactions liquidated during the year	Transactions pending	Total
Class of Assets			
Derivatives	(714)	-	(714)
Trade debtors & other accounts receivable	(3)	-	(3)
TOTAL	(717)	-	(717)
Class of Liabilities			
Derivatives	(98)	-	(98)
Trade creditors and other accounts payable	1,348	(116)	1,232
TOTAL	1,250	(116)	1,134
NET	**533**	**(116)**	**417**

The balances for advances to suppliers do not generate exchange differences as they correspond to the amount effectively paid.

11. Tax Position

The calculation of the Corporate Income Tax corresponding to the financial year 2018 shows a liquid amount of 1,365 thousand Euros (159 thousand Euros in 2017) that, once the amount of the corresponding withholding and payments on account were discounted, generated a balance in favour of the Company with the Tax Administration of 1,346 thousand Euros (2,511 thousand Euros in 2017), included under the heading "Current Tax Assets", of the Balance Sheet. The composition of the balance at 31 December of 2018 and 2017 of this heading is the following:

Thousands of euros

	31.12.2018	31.12.2017
Balance pending collection corresponding to the year	1,346	2,511
Balance pending collection corresponding to the previous year[1]	2,511	927
TOTAL	**3,857**	**3,438**

[1] Final amount recorded in the presented Mod. 200

In the profit and loss account for the financial year 2018, the amount corresponding to Corporate Tax represents an income of 941 thousand Euros (1,077 thousand Euros in expenses in 2017), with an after taxes result of 3,734 thousand Euros (12,450 thousand Euros in 2017).

The following tables show the reconciliation of the net amount of the year's Income and Expenses with the taxable base of the 2018 and 2017 Corporate Income Tax:

Thousands of euros

FINANCIAL YEAR 2018	P&L Account		Income and expenses directly allocated to equity		Reserves		Total
Balance of year's income and expenses	3,734	–	1,612	–			5,346
	Increases	Decreases	Increases	Decreases	Increases	Decreases	
Corporate Tax	(941)		537	–			(404)
Permanent differences	249	(742)	–	–			(493)
Temporary differences:	8,245	(2,885)	2,045	(4,194)	–	–	3.211
- With origin in the year	7,609		819	(2,507)			5,921
- With origin in the previous year	636	(2,885)	1,226	(1,687)			(2,710)
Offsetting of negative tax bases of previous years							–
TAX BASE (FISCAL RESULT)							**7,660**

Thousands of euros

FINANCIAL YEAR 2017	P&L Account		Income and expenses directly allocated to equity		Reserves		Total
Balance of year's income and expenses	12,450	–	–	(4,383)	–	–	8,067
	Increases	Decreases	Increases	Decreases	Increases	Decreases	
Corporate Tax	1,077	–	–	(1,460)	–	–	(383)
Permanent differences	417	(9,163)	–	–	–	–	(8,746)
Temporary differences:	4,289	(7,916)	7,115	(1,272)	–	–	2,216
- With origin in the year	3,577	–	7,115	(1,272)	–	–	9,420
- With origin in the previous year	712	(7,916)	–	–	–	–	(7,204)
Offsetting of negative tax bases of previous years							–
TAX BASE (FISCAL RESULT)							**1,154**

The most important permanent differences correspond to:

- Increases: these include, among others, the adjustment corresponding to provisions and contributions as per Law 49/2002, in the amount of 68 thousand Euros, sanctions and surcharges in the amount of 2 thousand Euros, and allocation of taxable bases of UTEs and AIEs, in the amount of 174 thousand Euros (in 2017, the adjustment corresponding to donations and contributions of Law 49/2002, in the amount of 112 thousand Euros, sanctions and surcharges in the amount of 150 thousand Euros, and allocation of taxable bases of UTEs and AIEs, amounting to 156 thousand Euros).
- Decreases: It mainly includes the exemption to avoid double taxation for dividends amounting to 739 thousand Euros (in 2017 the adjustment for 8,500 thousand Euros corresponded to the accounting capital gains regarding the sale of the share stated in Note 8.1.1.c. and 655 thousand Euros by exemption to avoid double taxation).

The most significant temporary differences correspond to:

- Increases: Provisions for installation reclamation and closure in the amount of 6,327 thousand Euros and for impairment of accounts receivable from public entities for 695 thousand Euros (in 2017, provisions for reclamation and closure of installations worth 2,404 thousand Euros and for impairment of accounts receivable from public organizations of 782 thousand Euros).
- Decreases: Application of provisions which were not fiscal expenditure in previous financial years, of which 2,127 thousand Euros correspond to restoration costs and plant closures, obligations with personnel and restructuring, 31 thousand Euros correspond to the reversal of various provisions, not deductible at the time of the provision thereof (in 2017, application of provisions that were not fiscal expenditure in previous financial years, of which 1,506 thousand Euros corresponded to restoration costs and plant closures, obligations with personnel and restructuring and 2,522 thousand Euros corresponded to the reversal of various provisions, non-deductible at the time of the provision thereof and 3,154 thousand Euros corresponded to the deductibility of the impairment of accounts receivable from public bodies provided in previous financial years, once the corresponding legal proceeding had been initiated).

The income and expenses charged to net worth correspond to the profits or losses recorded during the year from valuation of the derivatives designated as derivative financial instruments, as well as changes in Subsidies received.

Below is the reconciliation between the income tax that would result from applying the general tax rate in effect to the Result before Taxes and the expense recorded for the cited tax in the Income Statement and its reconciliation with the payable tax of the Corporate Income Tax corresponding to financial years 2018 and 2017:

31.12.2018	Thousands of euros
Result before Taxes	2,793
Permanent differences	(493)
Adjusted earnings	2,300
Tax rate at 25,00%	575
Deductions	(550)
Income tax	**25**
Current tax expenditure in P&L account	1,365
Deferred tax income in P&L account	(1,340)
The year's income tax expense	25
The negative adjustments in the profit tax	162
The positive adjustments in the profit tax	(1,128)
Expense/ (Income) for corporate income tax in P & L account	**(941)**

31.12.2017	Thousands of euros
Result before Taxes	13,527
Permanent differences	(8,746)
Adjusted earnings	4,781
Tax rate at 25,00%	1,195
Deductions	(129)
Income tax	**1,066**
Current tax expenditure in P&L account	159
Deferred tax income in P&L account	907
The year's income tax expense	1,066
The negative adjustments in the profit tax	26
The positive adjustments in the profit tax	(15)
Expense for corporate income tax in P & L account	**1,077**

The tax deductions applied in 2018 and 2017 correspond, basically, to deductions for research and development expenses, generated in previous years and not applied by the fiscal group to which the companies of the Company belonged.

The negative adjustments in the profit tax registered in 2018 mainly correspond to deferred tax assets with maturity exceeding 10 years (in 2017 mainly corresponding to the higher amount of the current tax corresponding to the previous financial year and to the disposal of assets for deferred taxes, with a maturity exceeding 10 years).

The positive adjustments in the profit tax registered in 2018 correspond to the activation of deductions pending to be applied in the following financial years. The positive adjustments in the profit tax registered in 2017 corresponded to a lower deferred tax corresponding to the previous financial year.

Deferred taxes are recorded in the Balance Sheet at 31 December 2018 and 2017, classified in the following accounts, according to their reversion period:

Thousands of euros

DEFERRED TAX ASSET:	31.12.2018	31.12.2017
Long-term deductible temporary differences	11,656	10,858
Long-term deductions pending to be applied	1,128	-
Short-term deductible temporary differences	1,405	1,723
TOTAL	14,189	12,581

Thousands of euros

DEFERRED TAX LIABILITY:	31.12.2018	31.12.2017
Long-term deductible temporary differences	612	782
Short-term deductible temporary differences	227	218
TOTAL	839	1,000

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The origin of the deferred taxes recorded in the year-end balance sheets of 2018 and 2017 is as follows:

Thousands of euros

DEFERRED TAX ASSETS ORIGINATING IN:	31.12.2018	31.12.2017
Financial hedges	949	1,488
Deductions pending application	1,128	-
Warranty provisions	2,288	2,307
Provision for reclamation and decommissioning of mining sites	8,253	7,301
Long-term personnel provisions	-	-
Restructuring provision	54	56
Provision for Fixed Assets depretiation	90	90
Tax risks	-	-
Amortization limitation	615	717
Not deductible provisions RSU UTE	785	589
Other not deductible provisions for Income tax	27	33
TOTAL	14,189	12,581

Thousands of euros

DEFERRED TAX LIABILITIES ORIGINATING IN:	31.12.2018	31.12.2017
Financial hedges	117	61
Unrestricted amortization	662	821
Subsidies	60	118
TOTAL	839	1,000

The transactions of the deferred tax headings of the consolidated Balance Sheet corresponding to 31 December 2018 and 2017 are as follows:

Thousands of euros

	Deferred tax asset	Deferred tax liability
Balance at 31.12.16	13.464	2,434
Generated in 2017	893	-
Recovered in 2017	(1,980)	(177)
Net variation in financial derivatives	(8)	(1,547)
Net variation in subsidies	-	78
Positive/Negative adjustments (Adjustment D.t. Asset by reversion to more than ten years)	212	212
Balance at 31.12.17	12,581	1,000
Generated in 2018	1,902	-
Recovered in 2018	(721)	(159)
Net variation in financial derivatives	(539)	56
Net variation in subsidies	-	(58)
Positive/Negative adjustments (Adjustment D.t. Asset by deductions pending to be applied)	1,128	-
Positive/Negative adjustments (Adjustment D.t. Asset by reversion to more than ten years)	(162)	-
Balance at 31.12.18	14,189	839

Up to the financial year 2015, for purposes of payment of the Corporate Income Tax, the Company was part of consolidated group no. 9/86, formed by the Sociedad Estatal de Participaciones Industriales and the companies based in Spanish territory that formed part of its consolidated financial group, pursuant to the provisions of Articles 42 and following of the Code of Commerce and in accordance with the provisions of Public Corporations Act 5/1996 of 10 January.

The Company was excluded from the above mentioned fiscal group effective from the financial year 2016, due to the fact that, as from this financial year, it was no longer possible to apply the special rule of delimitation of the Fiscal Group SEPI set forth in Section 14.2 of the law according to which it was created (Law 5/1996, of January 10, on the creation of certain entities of public law), pursuant to which the Group shall consist of SEPI itself and the companies thereof located in Spanish territory which, in turn, are part of its Financial Group pursuant to the provisions set forth in Section 42 of the Commercial Code, as long as the debt generated by the National Institute of Industry (then SEPI) has not been fully amortised.) The amortisation of the above mentioned debt definitively took place at the end of the financial year 2015.

Therefore, from the cited tax period the rules of general delimitation were applicable, established in Chapter VI of Title VII of the Law 27/2014, of 27 November, the Corporate Income Tax Law (LIS), among which it is included that the parent Company shall have a direct or indirect investment of at least 75 percent of the share capital and shall own the majority of the voting rights on the first day of the tax period in which this system may be applicable.

Consequently, and since the direct investment of SEPI in the capital of ENUSA is 60%, it was excluded from the SEPI Fiscal Group, and was obliged to be taxed individually since financial year 2016.

As a result of the exclusion, and in accordance with Article 74 of the LIS, the Company assumed the right to offset the negative tax bases and apply the tax deductions generated while they formed part of the Fiscal group that had not been applied by it, in the proportion in which they had contributed to its formation.

The detail of the tax bases and the tax deductions received and applied up to the current financial year is as follows:

Thousands of euros

	Incorporated after leaving the tax group	Applied in 2016	Applied in 2017	Applied in 2018	Pending to be applied
Tax bases	**124**	**124**	**-**	**-**	**-**
Deductions					
For internal double taxation	698	698	-	-	-
For research and development	7,341	422	72	390	6,457
For vocational training	79	-	-	16	63
For environmental protection	67	-	-	5	62
For exporting companies	143	-	-	23	120
For contributions to employment pension plans	272	-	-	43	229
For re-investment of extraordinary profit	185	-	-	2	183
For revereside of temporary measures	7	7	-	-	-
For contribution to non-profit entities	343	334	9	-	-
TOTAL DEDUCTIONS	9,135	1,461	81	479	7,114

At the time of incorporating the above mentioned rights in the financial year 2016, the few provisions to be applied in the following financial year (81 thousand Euros) and the existing doubts regarding the possibility of generating future tax profits which would allow the activation of a higher amount of deferred tax assets and the application thereof for a longer term led to the non-recognition of any deferred tax assets. At the end of the financial year 2018, the Company, based on current forecasts of future profit tax, estimates that an amount of 1,128 thousand Euros in deductions may be offset in the following financial years; therefore, the corresponding deferred tax Asset has been created.

The years subject to inspection by the tax authorities in relation to the most significant taxes the Company must pay include the last four years. It is not expected that, in the event of an inspection, any further significant liabilities will arise.

12. Income and Expenses

The item of the Profit and Loss Account "Consumption of Goods and Consumption of Raw Materials and Other Consumables" of the financial years 2018 and 2017 are broken down as follows:

Thousands of euros

	2018	2017
Purchases	103,335	141,603
Variation in inventories	35,756	66,590
TOTAL	139,091	208,193

The breakdown of purchases on the national market and of imports in 2018 and 2017 is as follows:

Thousands of euros

	2018	2017
National purchases	2,915	3,193
Intra-community purchases	31,326	47,300
Imports	69,094	91,110
TOTAL	103,335	141,603

The net amounts of turnover by markets in 2018 and 2017 are as follows:

Thousands of euros

	2018	2017
National Market	190,400	255,403
Foreign Market	44,996	35,505
TOTAL	235,396	290,908

The breakdown of Social Charges in 2018 and 2017 is as follows:

Thousands of euros

	2018	2017
Social Security	7,190	7,173
Other social expenses	1,080	1,057
TOTAL	8,270	8,230

The breakdown of extraordinary results, included in the item "Other operating results", in 2018 and 2017 is as follows:

Thousands of euros

	2018	2017
Sanctions and surcharges	-	150
Judicial claims	58	437
RSU UTE claim expenses	29	22
Other extraordinary expenses	14	22
TOTAL EXPENSES	101	631

Thousands of euros

	2018	2017
Refund of AEAT imposed duties	-	1,064
Indemnities and extraordinary refunds received from insurance companies	146	445
Insurance payments RSU UTE claim	25	17
Other extraordinary income	13	-
TOTAL INCOME	184	1,526

13. Provisions and Contingencies

The movement of the Provisions accounts during 2018 and 2017 has been as follows:

Thousands of euros

FINANCIAL YEAR 2018	Balance at 31.12.2017	Allocations and financial restatements	Applications and reversions	Other	Transfers	Balance at 31.12.2018
LONG-TERM PROVISIONS						
Environmental activities (Note 14 c)	38,043	6,923	-	(521)	(2,361)	42,084
Restructuring provisions	364	1	(27)	-	-	338
Fuel assembly warranties and Central Services	9,229	276	(352)	-	-	9,153
Misc. provisions UTE RSU	4,079	1,523	(240)	-	(411)	4,951
TOTAL LONG-TERM PROVISIONS	**51,715**	**8,723**	**(619)**	**(521)**	**(2,772)**	**56,526**
SHORT-TERM PROVISIONS						
Environmental activities (Note 14 c)	4,703	-	(2,248)	-	2,361	4,816
Provisions for other Obligations	1,665	15	(468)	-	-	1,212
Misc. provisions UTE RSU	-	-	(103)	-	411	308
TOTAL SHORT-TERM PROVISIONS	**6,368**	**15**	**(2,819)**	**-**	**2,772**	**6,336**

Thousands of euros

FINANCIAL YEAR 2017	Balance at 31.12.2016	Allocations and financial restatements	Applications and reversions	Other	Transfers	Balance at 31.12.2017
LONG-TERM PROVISIONS						
Environmental activities (Note 14 c)	37,601	3,171	-	(706)	(2,023)	38,043
Restructuring provisions	362	2	-	-	-	364
Fuel assembly warranties and Central Services	9,558	65	(394)	-	-	9,229
Provisions for other Obligations	1,714	-	(1,714)	-	-	-
Misc. provisions UTE RSU	5,375	307	(572)	(1,031)	-	4,079
TOTAL LONG-TERM PROVISIONS	**54,610**	**3,545**	**(2,680)**	**(1,737)**	**(2,023)**	**51,715**
SHORT-TERM PROVISIONS						
Environmental activities (Note 14 c)	4,095	-	(1,415)	-	2,023	4,703
Provisions for other Obligations	1,500	1,667	(1,502)	-	-	1,665
TOTAL SHORT-TERM PROVISIONS	**5,595**	**1,667**	**(2,917)**	**-**	**2,023**	**6,368**

The calculation of restructuring provisions is based on the expected annual payments for compositions to personnel. The movement registered in the financial year mainly corresponds to the new estimate made based on the expected disengagement schedule.

As in previous years, fuel assembly warranty provisions are calculated on the basis of the useful life of refuellings and statistical data on failure rates in the fuel assemblies, the latter based on historical Company information and information from the technology suppliers. The provision allocation recorded in 2018 amounting to 276 thousand Euros (65 thousand Euros in 2017) is a result of the estimate made at the end of year.

The "Provisions for other Obligations" include, basically, those derived from lawsuits in which the Company is immersed. The most significant movements in the financial year correspond to allocations for new risks, amounting to 15 thousand Euros (1,646 thousand Euros in 2017), excesses for risks allocated in previous financial years amounting to 422 thousand Euros (1,767 thousand Euros in 2017) and allocations amounting to 46 thousand Euros (1,449 thousand Euros in 2017).

The Provisions of the UTE RSU mainly correspond to provisions regarding planned actions in relation to the infrastructure subject matter of operation (replacement of tangible fixed assets, landfill extension, security and surveillance thereof and the like).

The amount of the allocations and financial restatements corresponding to these provisions increased to 1,523 thousand Euros (an amount integrated at the percentage of participation of the Company in the UTE). In the provisions made in the financial year, the amount recorded in the corresponding tangible fixed assets (sealing and surveillance of the landfill and construction of new cells therein) amounts to 1,315 thousand Euros (see note 6.) The amount of the allocations and financial restatements corresponding to these provisions in 2017 was 307 thousand Euros (an amount integrated at the percentage of participation of the Company in the UTE). On the other hand, the amount collected as "Other" in the financial year 2017 corresponded to the adjustment in one of the provisions (in particular, the provision which includes higher costs due to expropriation of the land where the infrastructure is located) considering the possible cost to be borne by the UTE was lower than the initially estimated cost. Given that this provision was allocated, originally, against intangible fixed assets (higher value of the infrastructure) the adjustment is made against the same heading (see note 6).

The total of applications of provisions made in the financial year 2018 was the amount of 3,509 thousand Euros (4,153 thousand Euros in 2017), with these payments being reflected in the Cash Flow Statement under the heading "Other Payments", within Other Cash Flows of the Operating Activities.

The total excess of provisions has amounted to 429 thousand Euros in the financial year 2018 (2,148 thousand Euros in 2017), mainly corresponding to reversals regarding risks for lawsuits amounting to 402 thousand Euros (1,714 thousand Euros) reversal of fiscal risks in 2017).

14. Environmental Information

a) Assets Subject to Environmental Activities:

In relation to the nuclear fuel manufacturing business conducted in the facilities that the Company owns in Juzbado (Salamanca), it is not possible to determine an itemized description and value of the equipment and installations used for environmental protection and enhancement.

This is explained by the fact that it is a complex, specialized facility where it must be ensured that all processes conform to environmental regulations.

The Company closed its uranium concentrate production business at the end of 2002. Consequently, the value of the assets subject to mining operations is amortized almost in full, and the only activity carried out is the one corresponding to reclamation and decommissioning tasks.

The value of the most significant assets and installations assigned to these reclamation and decommissioning tasks, and which focus on environmental protection and enhancement, at 31 December 2018 and 2017 are as follows:

Thousands of euros

FINANCIAL YEAR 2018	Cost	Accrued amortization	Net book value
Constructions	7,877	7,315	562
Technical installations and other tangible fixed assets	5,903	5,282	621
TOTAL	13,780	12,597	1,183

Thousands of euros

FINANCIAL YEAR 2017	Cost	Accrued amortization	Net book value
Constructions	7,395	7,308	87
Technical installations and other tangible fixed assets	5,661	5,184	477
TOTAL	13,056	12,492	564

b) Environmental Expenses:

The breakdown of expenses accrued in financial years 2018 and 2017, the purpose of which has been environmental protection and enhancement, is as follows:

Thousands of euros

	2018	2017
Waste management expenses	23	20
Dismantling & reclamation of natural spaces	131	45
Environmental certifications	9	19
TOTAL EXPENSES	163	84

c) Provisions for Environmental Risks:

The breakdown of the main provisions established by the Company for environmental activities and their movement during 2018 and 2017 are as follows (see note 13):

Thousands of euros

FINANCIAL YEAR 2018	Balance at 31.12.2017	Allocations and financial restatements	Applications and reversions	Other	Transfer	Balance at 31.12.2018
Long-term reclamation & decommissioning of mining sites	27,576	6,326	-	-	(2,361)	31,541
The nuclear fuel factory dismantling costs	8,722	123	-	-	-	8,845
Intermediate- & low-level solid waste management costs	8,112	473	-	-	-	8,585
Fund Value Enresa	(6,459)	-	-	(521)	-	(6,980)
Dismantling of other equipment	92	1	-	-	-	93
TOTAL LONG-TERM PROVISIONS	**38,043**	**6,923**	**-**	**(521)**	**(2,361)**	**42,084**
Short-term reclamation & decommissioning of mining sites	4,703	-	(2,248)	-	2,361	4,816
TOTAL LONG-TERM AND SHORT-TERM PROVISIONS	42,746	6,923	(2.248)	(521)	-	46,900

Thousands of euros

FINANCIAL YEAR 2017	Balance at 31.12.2016	Allocations and financial restatements	Applications and reversions	Other	Transfer	Balance at 31.12.2017
Long-term reclamation & decommissioning of mining sites	27,177	2,422	-	-	(2,023)	27,576
The nuclear fuel factory dismantling costs	8,370	352	-	-	-	8,722
Intermediate- & low-level solid waste management costs	7,771	397	(56)	-	-	8,112
Fund Value Enresa	(5,809)	-	56	(706)	-	(6,459)
Dismantling of other equipment	92	-	-	-	-	92
TOTAL LONG-TERM PROVISIONS	**37,601**	**3,171**	**-**	**(706)**	**(2,023)**	**38,043**
Short-term reclamation & decommissioning of mining sites	4,095	-	(1,415)	-	2,023	4,703
TOTAL LONG-TERM AND SHORT-TERM PROVISIONS	41,696	3,171	(1,415)	(706)	-	42,746

As in previous years, the provisions for environmental activities have been calculated on the basis of the amounts planned for dismantling and retiring installations, restated at a discount rate of assets not at risk, in a period similar to that of future payments.

The purpose of the provision for reclamation and decommissioning of mining sites is to complete the work of reclaiming natural spaces and to cover mining Center decommissioning costs.

In May 2003, the ENUSA Management decided to submit a definitive Reclamation Project for the mining installations of the Saelices el Chico Center (Salamanca) to the Territorial Service for Industry, Trade and Tourism of the Castilla-Leon regional government. It was approved by this territorial agency on 13 September 2004, thus authorizing ENUSA to execute the project. in November 2002, as the Administration considered that project as a strategic shutdown and not as a definitive closure of the mining operations. ENUSA has been working on the tasks of reclaiming the natural spaces and decommissioning the installations located in the mining operations since January 2001.

A part of the mining Center reclamation and decommissioning costs will be paid by the Empresa Nacional de Residuos Radiactivos (ENRESA). In 2018 and 2017, provisions worth 2,248 and 1,415 thousand Euros, respectively, have been applied to cover the costs incurred by the Company during these years by way of this item.

At the end of each financial year, the Company reviews the economic study of the reclamation project to re-estimate the expected cost of the necessary outstanding activities and adjust it to different resolutions of official authorities and to the commitments acquired with them, as well as the estimated time of the decommissioning. On the basis of the data of the economic study, which is based on work and date assumptions similar to those estimated at the end of the previous year, in 2018 an allocation of provision of 5,875 thousand Euros was recorded (1,914 thousand Euros of excess provision in 2017).

The provision for solid waste management costs in the Juzbado factory includes the estimated cost of managing these kinds of wastes. In this respect, the Company has signed a contract with ENRESA for the treatment of these wastes. The same criterion used in previous years has been maintained, adapting it to the fact that solid wastes are classified as either intermediate level or low level, as provided in the new regulations issued in 2010 by the Nuclear Safety Council. As a result, a 473 thousand Euro provision, corresponding to the wastes generated in 2018, has been recorded (397 thousand Euros in 2017).

The provision for the nuclear fuel factory dismantling costs includes the Company's current obligation, calculated at the current net value at year's end, relative to the costs that in the future the proper dismantling of this facility will represent. The Company has signed a contract with ENRESA to execute the dismantling work.

The aforesaid contracts included the periodic payments that ENUSA had to make to ENRESA until 2027 for setting up a Fund that would cover the costs stemming from both activities: the management of operating wastes generated every year and the cost of dismantling the Juzbado factory. The value of the above mentioned Fund, benefited with the contributions of ENUSA and the corresponding financial updates included in contracts appeared in the balance sheet of the Company in the Assets of the Balance Sheet, under heading "Long-term investments in group companies and in associated companies". - Loans to companies".

Law 11/2009 of 26 October, which regulates Listed Real Estate Investment Corporations, introduced, effective as of 1 January 2010 and via point 1 of its 9th Final Provision, article 38 bis to Nuclear Energy Act 25/1964.

Furthermore, Law 11/2009 of 26 October, which regulates Listed Real Estate Investment Corporations, modified, effective as of 1 January 2010 and via point 2 of its 9th Final Provision, the 6th Additional Provision of Electric Power Sector Act 54/1997.

The "Third" section of point 9 of the 6th Additional Provision of the Electric Power Sector Act reads as follows:

"Three: Tax on the provision of management services for radioactive wastes resulting from fuel assembly manufacture, including the dismantling of the manufacturing facilities.

a) Taxable event: The taxable event of the tax is the provision of management services for radioactive wastes resulting from fuel assembly manufacture, including the dismantling of the manufacturing facilities. The taxable event of this tax also includes the anticipated cessation of operation of a fuel assembly manufacturing facility at the owner's initiative, with respect to the provisions set down in the General Radioactive Waste Plan.
b) Tax base: The tax base of the tax is the amount of nuclear fuel manufactured each calendar year, measured in metric tons (MT) and stated with two decimals; the remaining decimals are rounded to the second decimal place."

In practice, this rule means that the contributions that ENUSA had been making to ENRESA, pursuant to the contracts signed between the two companies, was replaced with the payment of a tax, with the destination of this tax being the same: to increase the Fund allocated to covering the costs of managing operating wastes and dismantling the Juzbado factory. Therefore, payments of this tax have been made since 2010 and the value of this Fund has continued to rise.

The value of the Fund is shown in the Balance Sheet of the Company as a reduction in the amount of provisions to which it was allocated.

d) Contingencies and Obligations Related to Environmental Protection and Enhancement

The Company consider there are no significant contingencies or obligations related to environmental protection and enhancement other than those mentioned in paragraph (c) above.

e) Investments Made During the Year for Environmental Reasons

The investments in environment-related assets in 2018 and 2017, primarily made in the Juzbado fuel assembly factory, have amounted to 1,382 and 1,198 thousand Euros, respectively.

f) Compensations To Be Received from Third Parties

No income has been earned from environmental activities in financial years 2018 and 2017.

No subsidies have been received by way of this item in 2018 and 2017.

15. Long-term Personnel Remunerations

In 1995, the Company set up, with a Pension Fund agent, an employee Pension Plan based on a defined, taxable contribution, with contributions from the promoter and participants pursuant to the regulatory rules of the Plan. This Plan is currently governed by the provisions of the Revised Text of the Pension Plan and Pension Fund Act approved by Royal Legislative Decree 1/2002 of 29 November and Royal Decree 304/2004 of 20 February, whereby the Pension Plan and Pension Fund Regulation is approved, and by any other applicable regulatory provisions. This commitment is still standing in current Collective Bargaining agreements.

Between 1995 and 2011, the Company had been contributing various amounts to this Plan as its promoter.

Law 6 / 2018, of July 3, on General State Budgets for the financial year 2018, set forth in sections 2 and 3 that commercial public companies (including the Parent Company) could only make contributions to employment pension plans or group insurance contracts including retirement contingency coverage under certain circumstances. No contribution has been made by the Company in 2018.

16. Subsidies, Donations and Bequests

The amounts included under the heading of Subsidies, donations and legacies in the Balance sheet dated 31 December 2018 and 2017 correspond to contributions received by the Company from different entities to finance, mainly, certain research costs.

The movement of the above mentioned heading during the financial years 2018 and 2017 was as follows:

Thousands of euros

FINANCIAL YEAR 2018	Balance at 31.12.17	Concession	Allocation to results	Tax effect	Balance at 31.12.18
European Comission	97	-	(64)	16	49
CDTI	196	-	(161)	40	75
IDAE	63	-	(9)	2	56
TOTAL	356	-	(234)	58	180

Thousands of euros

FINANCIAL YEAR 2017	Balance at 31.12.16	Concession	Allocation to results	Tax effect	Balance at 31.12.17
European Comission	120	-	(30)	7	97
CDTI	-	321	(60)	(65)	196
IDAE	-	93	(9)	(21)	63
TOTAL	120	414	(99)	(79)	356

In addition, the amount allocated directly to P&L was 39 thousand Euros (31 thousand Euros 2017) and corresponds to contributions of entities belonging to the State Administration to offset operating costs in the areas of personnel training and research and development projects.

17. Joint Ventures

The Company undertakes certain projects on a joint basis with other companies by setting up Temporary Joint Ventures (UTEs). The list of UTEs in which ENUSA has participated throughout 2018 and 2017, as well as the percentage of its share, is as follows:

- Tecnatom-Westinghouse-ENUSA, UTE: Tecnatom, S.A., Westinghouse Technology Services, S.A. and ENUSA Industrias Avanzadas, S.A., with a share of 33.33%.
- In addition, as a result of the merger with Teconma which took place in 2013, ENUSA has become a partner of the UTE "ENUSA Industrias Avanzadas, S.A., S.M.E., Fobesa Valoración de Residuos, S.L.U, and A2A Ambiente S.p.A. Unión Temporal de Empresas", with a percentage of ownership of 85.6859%.

The amounts corresponding to each joint venture of the most significant items of the balance sheet and P&L account at 31 December 2018 and 2017 are as follows:

Thousands of euros

FINANCIAL YEAR 2018	UTE RSU	Tecnatom-Westinghouse-ENUSA, UTE
ASSET		
Intangible Fixed Assets	34,185	-
Tangible Fixed Assets	35	-
Long-term financial investments	2,567	-
Trade debtors & other accounts receivable	1,522	1,790
Treasury	4,873	744
LIABILITY		
Value change adjustments	(3,521)	-
Long-term provisions	4,952	-
Long-term debts	22,205	-
Short-term provisions	308	-
Short-term debts	11,059	-
Trade creditors and other accounts payable	679	2,493
PROFIT AND LOSS		
The net amounts of turnover	7,780	3,475
Supplies	(1,444)	(3,468)
Personnel expenses	(414)	-
Other operating expenses	(2,211)	-
Fixed asset amortization	(2,149)	-
Other results	(3)	(4)
Capitalization of financing costs	655	-
Financial expenses	(1,782)	-
YEAR-END P&L	**432**	**3**

Thousands of euros

FINANCIAL YEAR 2017	UTE RSU	Tecnatom-Westinghouse-ENUSA, UTE
ASSET		
Intangible Fixed Assets	34,303	-
Tangible Fixed Assets	51	-
Long-term financial investments	2,546	-
Trade debtors & other accounts receivable	2,941	1,277
Short-term accruals	12	-
Treasury	2,928	238
LIABILITY		
Value change adjustments	(3,804)	-
Long-term provisions	4,080	-
Long-term debts	23,990	-
Short-term debts	9,788	-
Trade creditors and other accounts payable	573	1,482
PROFIT AND LOSS		
The net amounts of turnover	7,850	3,149
Supplies	(1,428)	(3,141)
Personnel expenses	(406)	-
Other operating expenses	(2,202)	-
Fixed asset amortization	(2,053)	-
Excess provisions	382	-
Other results	148	-
Capitalization of financing costs	782	-
Financial expenses	(1,988)	-
YEAR-END P&L	**1,085**	**8**

18. Non-current Assets Held for Sale

The breakdown of the assets and their net book value at 31 December 2018 and 2017 is as follows:

Thousands of euros

	2018	2017
SHS constructions P/Industrial Las Viñas	-	-
SHS plot of land N73,74,75	-	-
TOTAL	**-**	**-**

The value of Non-current Assets held for sale, up to the financial year 2016, corresponded to the tangible fixed assets acquired by ENUSA from the former subsidiary thereof, SHS Cerámicas, S.A., in 2006 as a previous step to its dissolution-liquidation which was finally registered in 2007.

In spite of continuing the selling process of the above mentioned assets, considering the time elapsed and the lack of offers making the sale foreseeable in the short term, in the financial year 2017 the assets were transferred to the heading Tangible Fixed Assets, amounting to 471 thousand Euros, equivalent to the carrying amount prior to its classification as a non-current asset held for sale, adjusted by the amortisations that would have been recognised had it not been classified as held for sale (115 thousand Euros, included as a loss on the income statement), considering this amount is lower than the recoverable value thereof.

19. Events Subsequent to Year's End

On the date of preparing the Annual Accounts, no events subsequent to the end of the financial year 2018 have occurred that required being broken down.

20. Related-party Transactions

a) Operations with Group, Multi-Group and Associated Companies.

The related parties with which the Company have carried out transactions during the financial years 2018 and 2017, as well as the nature of this relationship, are the following:

	Nature of the relationship
SEPI	Direct parent Company
EMGRISA	ENUSA Group Company
EXPRESS TRUCK	ENUSA Group Company
EQUIPOS NUCLEARES	SEPI Group Company
ENWESA OPERACIONES	SEPI Group Company
CORREOS	SEPI Group Company
CORREOS EXPRESS	SEPI Group Company
TRAGSA	SEPI Group Company
GENUSA	ENUSA Group/ associated by equity method
ENUSA-ENSA AIE	ENUSA Group/ associated by equity method
SNGC AIE	ENUSA Group/ associated by equity method
CETRANSA	ENUSA Group/ associated by equity method
REMESA	ENUSA Group/ associated by equity method
ENRESA	SEPI Group/ associated by equity method
DIRECTORS	Board Members
SENIOR MANAGEMENT	Directors

The operations carried out with group companies, multi-group and associated companies during the financial years 2018 and 2017, as well as the effect thereof on the financial statements, have been as follows:

Thousands of euros

FINANCIAL YEAR 2018	ENUSA Group	SEPI	Rest SEPI Group companies	Multi-group and associated companies
ASSET BALANCES				
Short-term loans (*)	-	39,001	-	-
Trade debtors and other accounts receivable	-	-	(6)	3,750
Advances to suppliers	-	-	89	-
Short-term accruals	4	-	-	-
LIABILITY BALANCES				
Long-term debts	11	2,483	-	-
Short-term debts	-	552	-	-
Trade creditors and other accounts payable	277	-	217	4,259
TRANSACTIONS				
Purchases and own work	313	-	1,225	6,815
Services received	2,622	-	21	101
Interest costs	-	17	-	-
Capitalization of fixed asset purchase cost	32	-	232	-
Sales and services rendered	-	-	27	10,175
Interest income	-	38	-	106
Non-core income	96	-	-	2,683
Distributed dividends	410	-	-	329
Lease income	65	-	-	-

(*) Corresponds to Inter-SEPI deposits with maturity of less than three months and classified under Loans with companies of the group in the Balance Sheet Assets.

FINANCIAL YEAR 2017 (Thousands of euros)	ENUSA Group	SEPI	Rest SEPI Group companies	Multi-group and associated companies
ASSET BALANCES				
Short-term loans (*)	-	42,001	-	-
Trade debtors and other accounts receivable	30	-	34	2,158
Advances to suppliers	-	-	298	-
Short-term accruals	19	-	-	7
LIABILITY BALANCES				
Long-term debts	-	2,021	-	-
Short-term debts	11	1,098	-	-
Trade creditors and other accounts payable	571	-	346	1,128
TRANSACTIONS				
Purchases and own work	124	-	1,384	3,778
Services received	1,691	-	444	195
Capitalization of fixed asset purchase cost	388	-	95	-
Sales and services rendered	3	-	231	16,670
Interest income	-	41	-	285
Non-core income	35	-	-	2,635
Distributed dividends	447	-	-	208
Lease income	5	-	-	-

(*) Corresponds to Inter-SEPI deposits with maturity of less than three months and classified under Loans with companies of the group in the Balance Sheet Assets.

The most significant operations and balances with multi-group and associated companies in 2018 and 2017 correspond to the following companies:

- Trade debtors & other accounts payable: 1,008 thousand Euros with ENRESA (1,556 thousand Euros with ENRESA in 2017) and 2,141 thousand Euros with ENUSA-ENSA, AIE (493 thousand in 2017).
- Trade creditors and other accounts payable: 4,255 thousand Euros with ENUSA-ENSA, AIE (1,125 thousand Euros in 2017).
- Purchases and own work: 6,455 thousand Euros with ENUSA-ENSA, AIE (3,922 thousand Euros in 2017).
- Sales and services rendered: 7,253 thousand Euros with GENUSA (14,921 thousand Euros in 2017).

The conditions of the transactions with related parties are equivalent to those undertaken under market conditions.

b) Board of Directors

The Board of Directors was composed, at the end of financial year 2018, of 11 people (5 women and 6 men).

The remuneration of the Board Members, in their capacity as such, consists of per diems received to attend the Board meetings. The Company's Board Member per diems have amounted to a total of 87 thousand Euros in 2018 (91 thousand Euros in 2017).

The Chairman of the Board of Directors, in turn, is a salaried employee of the Company, and is part of the Management Committee (see point c)), and does not receive any type of allowance for attending Board meetings.

The Company has no advances or loans granted to any of the Board Members (except for the Chairman, whose personal facts are reported in point c, together with those of the rest of the Executive Committee members).

During financial year 2018, civil liability insurance premiums on the administrators and directors were paid for damages caused in the exercise of the post amounting to 19 thousand Euros (same figure as in 2017).

The members of the Board of Directors, during this year, have not received any remuneration, except that indicated in preceding paragraphs, and they have not carried out any transactions with the company. Moreover, they have not used the company's name or invoked their condition as Director in order to influence unduly the realization of private transactions, and they have not made use of the company assets, including the confidential information of the Company, for private purposes. In addition they have not obtain advantages or remunerations from third parties other than the Company and its group associated with the performance of their posts, and they have not carried out activities on their own behalf or for others that involve effective competition, whether current or potential, with the Company, or that, in any way have situated them in a permanent conflict with the Company's interests. Therefore, in compliance with the provisions of Article 229.3 of the Legislative-Royal Decree 1/2010, of 2 July, of the rewritten text of the Capital Companies' Act, the Directors report that they are not in personally or through a related person, any situation of conflict of interest, direct or indirect, with the Company's interest, except the following members who hold the posts that are detailed below in ENRESA, a company that carries out an activity complementary to that of ENUSA:

Name	Position
D. Carlos Alejaldre Losilla	Vice Chairman and Member of the Board of Empresa Nacional de Residuos Radiactivos, S.A. (ENRESA)
D. José Manuel Redondo García	Member of the Board of Empresa Nacional de Residuos Radiactivos, S.A. (ENRESA)

c) Executive Committee

Effective as of 2012, all the members of the Company's Executive Committee formalized senior management contracts with the Company, and therefore they are considered as senior management personnel beginning that year (2012).

The Company's Executive Committee is formed by 8 people (2 women and 6 men).

The only remunerations accrued in favour of the aforesaid personnel were short-term payments amounting to 1,085 thousand Euros during the 2018 financial year (1,145 thousand Euros during 2017).

The only balances held by members of the Management Committee with the Company correspond to loans amounting to 1 thousand Euros (nothing in 2017) and 18 thousand Euros (5 thousand Euros in 2017), corresponding to personal down payments , all of them regulated by collective agreements.

Likewise, there is a balance of guarantees at 31 December 2018 for the aforesaid personnel amounting to 25 thousand Euros (30 thousand Euros at 31 December 2017).

There have been no promoter contributions to pension plans during 2018.

21. Information on Average Payment Period to Suppliers

In compliance with the obligation set forth in the Additional Third Provision of the Law 15/2010, of 5 July, which modified Law 3/2004, of 29 December, which established measures to combat late payments in trade operations, and according to the Resolution of the ICAC (Spanish Accounting and Auditing Institution) of 29 January 2016 (applicable to the annual accounts of the financial years beginning 1 January 2015), it is hereby reported that the payments made in the financial year and the figures pending payment on the date of the closing of the balance sheet, are the following:

	2018	2017
	Days	
Average payment period to suppliers	35.05	37.76
Ratio of paid transactions	36.10	39.48
Ratio of transactions pending payments	14.17	22.46
	Amount (thousands of euros)	
Total payments made	165,098	197,900
Total payments pending	8,282	22,209

The maximum legal payment period applicable to the Company, according to Law 3/2004, of 29 December, by which measures to fight late payments in trade operations are established, is 30 days, unless there is an agreement between the parties up to a maximum of 60 days.

22. Guarantees and Endorsements

The guarantees granted by various financial entities to the Company as at December 31, 2018 and 2017 are as follows:

Thousands of euros	31.12.2018	31.12.2017
Related to the ENUSA activity	1,957	1,356
Related to the UTE RSU activity	4,865	4,207
Related to the TECONMA activity (*)	159	159
TOTAL	**6,981**	**5,722**

(*) ENUSA's subsidiary with which it merged in 2013

The comfort letters issued by the Company as at December 31, 2018 and 2017 are as follows:

Thousands of euros	31.12.2018	31.12.2017
Issued to ETSA	264	507
TOTAL	**264**	**507**

Other guarantees granted by the Company as at December 31, 2018 and 2017 are as follows:

Thousands of euros	31.12.2018	31.12.2017
Guarantee of loans of the employees for the acquisition or rehabilitation of housing according to the Collective Agreement of the Company (*)	509	582
TOTAL	**509**	**582**

(*) Corresponds to the initially guaranteed amounts. The derivative of the amounts pending amortization of the guaranteed loans would be the maximum risk for the Company. These amounts totaled to 161 and 218 thousands of euros to31st December 2018 and 2017 respectively.

The Company considers that the guarantees and endorsements provided will not result in significant risks not allocated at the end of the financial year.

23. Miscellaneous Information

The average number of employees during 2018 and 2017, distributed by professional categories, is as follows:

FINANCIAL YEAR 2018	PERMANENT PERSONNEL		TEMPORARY PERSONNEL		TOTAL AVERAGE STAFF		DISABILITY >= 33%
Category	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	
Senior management	1	6	-	-	1	6	-
Other directors, technicians & similar	82	227	22	49	104	276	1
Clerks and assistants	26	17	9	3	35	20	3
Other personnel	4	95	3	48	7	143	2
TOTAL AVERAGE STAFF	113	345	34	100	147	445	6

FINANCIAL YEAR 2017	PERMANENT PERSONNEL		TEMPORARY PERSONNEL		TOTAL AVERAGE STAFF		DISABILITY >= 33%
Category	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	
Senior management	1	7	-	-	1	7	-
Other directors, technicians & similar	78	233	23	43	101	276	1
Clerks and assistants	29	20	7	3	36	23	3
Other personnel	4	97	1	51	5	148	2
TOTAL AVERAGE STAFF	112	357	31	97	143	454	6

The figures corresponding to 2018 and 2017 include, in both financial years, 13 average people, corresponding to the UTE RSU personnel (included in the percentage of ENUSA share therein).

The distribution by sex of the Company's personnel as at December 31, 2018 and 2017, broken down by categories and levels, is as follows:

FINANCIAL YEAR 2018	Women	Men	Total
	No. Employees		
Board members	-	1	1
Senior Management	2	5	7
Other directors, technicians and similar	120	302	422
Clerks and assistants	44	25	69
Other personnel	6	168	174
TOTAL	172	501	673

FINANCIAL YEAR 2017	Women	Men	Total
	No. Employees		
Board members	-	1	1
Senior Management	1	6	7
Other directors, technicians and similar	108	305	413
Clerks and assistants	41	23	64
Other personnel	6	155	161
TOTAL	156	490	646

The figures corresponding to December 31, 2018 and 2017 include 14 and 12 people, respectively, corresponding to UTE RSU personnel (included in the percentage of ENUSA share therein).

In compliance with the legal obligations thereof, the Company, apart from employing 7 disabled workers, has donated as an alternative measure, an amount of 58 thousand Euros.

Grant Thonrnton, S.L.P., Sociedad Unipersonal's fees for auditing the annual accounts and for other services in 2018 amount to 29 thousand Euros. The amount corresponding to fees for auditing the annual accounts and for other services in 2017 amounted to 51 thousand Euros.

The above mentioned amounts correspond to the expenses accrued in 2018 and 2017, regardless of the date of invoice thereof.

Audit Report for Annual Accounts

GrantThornton

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AUDIT REPORT FOR ANNUAL ACCOUNTS ISSUED BY AN INDEPENDENT AUDITOR

To the shareholders of ENUSA Industrias Avanzadas, S.A., S.M.E.

Opinion

We have audited the annual accounts of ENUSA INDUSTRIAS AVANZADAS, S.A. S.M.E. (the company), including the balance at 31 December 2018, the profit and loss account, the statement of changes in equity, the cash flow statement and report, for the year ending on that date.

In our opinion, the annual accounts attached show, in all meaningful aspects, the true image of the assets and financial situation of the Company on 31 December 2018, its results and cash flows corresponding to the year ending on this date, in accordance with the applicable legal framework for financial information (identified in note 2 of the attached report) and in particular, with the accounting principles and criteria it contains.

Grounds for the opinion

We have carried out our audit in accordance with the applicable Spanish regulatory law for the activity of account auditing. Our responsibilities in terms of these regulations are explained below in the section on Auditor Responsibilities with regard to the auditing of the annual accounts in our report.

We are independent of the Company, as required on ethical grounds, including those of independence, which apply to our audit of the annual accounts in Spain as demanded by the regulatory law that applies to the activity of account auditing. In this sense, we have not provided any other service other than that of account auditing nor have there arisen and situations or circumstances that, in accordance with the stipulations of this regulatory law, have affected the necessary independence so that it has been compromised.

We consider that the evidence for the audit that we obtained provides a sufficient and suitable base for our opinion.

Most important aspects of the audit

The most important aspects of the audit are those which, in our professional opinion, are considered those with the most significant risks of material inaccuracies in our audit of the annual account of the current period. These risks have been treated in the context of our audit of the annual accounts as a whole and in the formation of our opinion on these, so we shall not give our opinion on these risks separately.

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Assessment of the existence and evaluation of provisions:

As indicated in note 13 of the attached report, the Company has registered provisions for environmental activities and other short and long-term provisions amounting to 62,862 thousand euros on 31 December 2018.

In accordance with the applicable standard framework for financial information and as indicated in note 5.10 and 5.11 of the attached report, the provisions are recognized when the Company has a current obligation, whether legal, contractual, implicit or tacit, as a result of a past event, it is likely that resources incorporating future financial profits will be used to cancel such obligation, and a reliable estimate of the amount of the obligation can be made. The financial effect of the provisions is recorded as financial costs in the profit and loss account.

We have considered this area as an important aspect of the audit inasmuch as the registration of provisions implies a strong use of judgement and estimation on the part of the Management

As part of our audit and in response to the risk mentioned, we carried out the following procedures:

- We made a study of the procedure applied by the Company in its determination of the criteria and hypothesis applied by the Company when estimating the existence and evaluation of the different provisions and the application of the appropriate accounting treatment.
- We have held several meetings with the Company Management and its technical department in order to understand the nature of the hypothesis used for the different provisions, confirming the information incorporated in the different technical and financial reports that sustain the main hypotheses applied.
- We have carried out detailed analytical procedures consisting of understanding the changes in the different provisions in view of their type and obtaining a number of supporting documents for the main movements that occurred in the financial year 2018.
- We have reviewed the methods used in the financial upgrades made for the various provisions.
- We obtained the confirmation of internal and external legal and tax advisors, listing the legal actions and claims open on 31 December 2018 and those closed during the year in question
- We have checked that the information disclosed in the individual annual accounts is sufficient and suitable in accordance with the applicable regulatory framework for financial information.

Evaluation and registration of financial derivatives:

As described in notes 4.4 and 8.1.2 of the attached report, the Company uses financial derivatives as part of its strategy to reduce its exposure to interest rate and exchange rate risks, using hedge accounting, with 469 thousand euros registered as assets and 4,089 thousand euros as liabilities.

In accordance with the applicable standard framework for financial information, and as indicated in note 4.4 of the attached report, entering the hedge operations in the books is only useful when it is expected that the hedge will be highly effective at the beginning of the hedge and in the following years to succeed in offsetting the changes in the fair value or in the cash flows attributable to the hedged risk, during the period for which it has been designated (prospective analysis), and the actual effectiveness, which can be reliably determined, is in the range of 80-125% (retrospective analysis).

We have considered this area as an important aspect of our audit because the estimation of the fair value and the categorization of the derivative require a high degree of judgement on the part of the Management and may have a significant impact on the attached balance and profit and loss account.

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As part of our audit and in response to the risk mentioned, we carried out the following procedures:

- We have made a study of the procedure established by the Company to ensure the appropriate evaluation and accounting treatment of the derivatives.
- We have obtained confirmation of the evaluation of the derivatives in relation with the interest rates set by the banks.
- We have carried out procedures, using a representative sample, to contrast the fair value and confirmed the correct accounting treatment based on the appropriate classification of the derivative. We have relied on the support of our experts in financial instruments for this procedure.
- We have checked that the information disclosed in the annual accounts is sufficient and suitable in accordance with the applicable regulatory framework for financial information.

Other questions

On 5 March 2018, other auditors issued their audit report on the annual accounts corresponding to the financial year ending on 31 December 2017, giving a favourable opinion.

Other information Management report

The other information exclusively contains the management report for 2018, which was prepared by the directors of the Company and which does not form part of the annual account.

Our auditor's opinion of the annual accounts does not cover the management report. Our responsibility for the information included in the management report is defined in the regulatory standards for account auditing, which establishes two distinct levels for this:

a) A specific level which applies to the statement of non-financial information, consisting in only checking that the information in question has been provided in the management report, or where relevant, the reference corresponding to the separate information on non-financial information has been included in the way described in the regulations and, if not, to report on this.

b) A general level that applies to the rest of the information included in the management report, consisting in evaluating and reporting the agreement between this information and the annual accounts, based on the knowledge of the entity obtained from carrying out the audit of these accounts and without including information other than that obtained as evidence during this process, and to evaluate and report whether the content and presentation of this part of the management report is in accordance with the applicable law. If we conclude from the work carried out that there are material inaccuracies, we are obliged to report them.

Using the work carried out as described previously, we have checked that the management report includes a reference to fact that the information mentioned in section a) above is submitted in the consolidated management report of ENUSA INDUSTRIAS AVANZADAS, S.A. S.M.E. Y SOCIEDADES DEPENDIENTES which the Company forms part of and that the rest of the information contained in the management report agrees with that of the annual accounts for the financial year 2018 and its content and presentation is in accordance with the applicable law.

Responsibility of the directors in relation with the annual accounts

The directors are responsible for preparing the attached annual accounts so that they are a true reflection of the equity, financial situation and results of the Company, in accordance with the applicable regulatory framework for the entity in Spain, and the internal controls considered necessary to ensure that the annual accounts can be prepared without material inaccuracies due to fraud or error.

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When preparing the annual accounts, the directors are responsible for evaluating the Company's capacity to continue operating as a business, disclosing as appropriate any issues related with business operations using the going concern accounting principles, except when these directors intend to liquidate the Company or cease operations, or there is no other realistic alternative.

Responsibilities of the auditor in relation with the audit of the annual accounts

Our objective is to obtain reasonable confidence that the annual accounts as a whole are free of material inaccuracies due to fraud or error, and to issue an audit report that contains our opinion. Reasonable confidence is a high degree of security but does not guarantee that an audit performed in accordance with the current regulatory standards that apply to accounting audits in Spain will always detect a material inaccuracy when one exists. An inaccuracy may occur due to fraud or error, and are considered material when, individually or collectively, they may reasonably be assumed to influence financial decision taken by the users based on the annual accounts.

As part of an audit in accordance with current regulatory standards that apply to accounting audits in Spain, we apply our professional judgement and maintain an attitude of professional scepticism for the duration of the audit. Also:

- We identify and evaluate any risk of material inaccuracy in the annual accounts due to fraud or error, we design and apply auditing procedures to respond to these risks and obtain sufficient and suitable auditing evidence to support our opinion. The risk of not detecting a material inaccuracy due to fraud is higher than a case of material inaccuracy due to error, because fraud may imply collusion, falsification, deliberate omission, intentionally misleading statements or the avoidance of internal controls.

- We gather information about significant internal controls for our audits in order to design an auditing procedure that is suited to the circumstances, not in order to give an opinion about the effectiveness of the entity's internal controls.

- We assess whether the accounting policies applied are appropriate and the reasonableness of the accounting estimates and the corresponding information disclosed by the directors.

- We reach a conclusion about the directors' appropriate use of the going concern accounting principle and, based on the evidence obtained from the audit, we decide whether there is material uncertainty in relation with the facts or conditions that may generate significant doubts about the Company's capacity to continue as a going concern. If we decide that there is material uncertainty, we must call attention to the information revealed in our audit report, or if this information is not sufficient, we must give a modified opinion. Our conclusions are based on the evidence of the audit obtained up to the date of our audit report. Subsequent facts or conditions, however, may be the cause for the Company to cease to be a going concern.

- We evaluate the global presentation, structure and content of the annual accounts, including the information revealed, and whether the annual accounts represent the underlying transactions and facts in such a way that they show a true image.

We contact the directors of the Company in relation with the planned scope and timing of the audit, among other issues, and any significant findings or defects in internal controls detected in the course of the audit.

We determine which of the significant risks detected in the annual accounts for the current period and communicated to the directors of the entity are the most important and should therefore be considered the most significant risks.

We shall describe these risks in our audit report unless the legal or regulatory provisions forbid the public disclosure of this question.

GrantThornton

Grant Thornton, S.L.P., Sociedad Unipersonal

ROAC n° S0231

José Manuel López

ROAC n°
22480

19th March 2019

AUDITORS

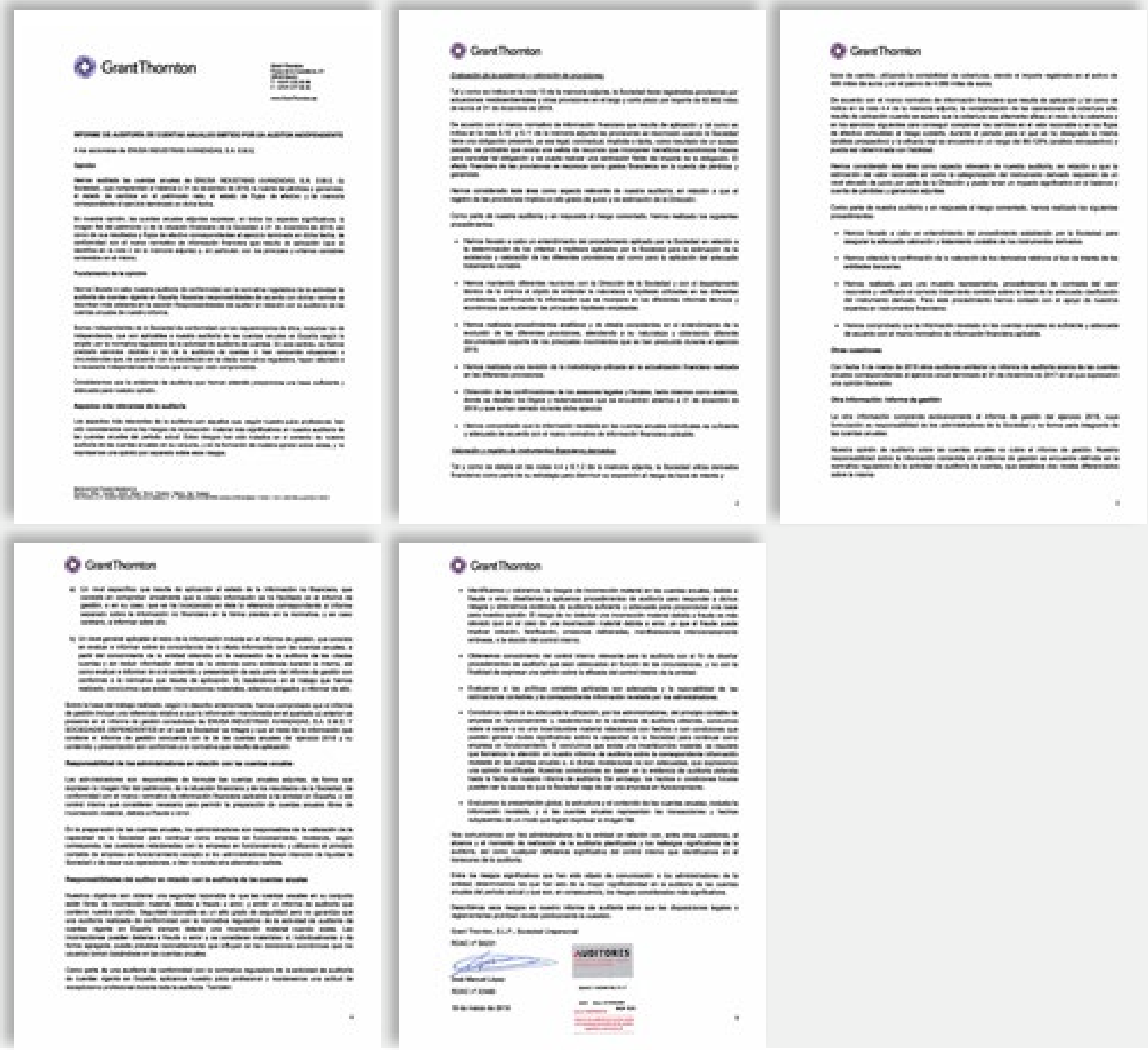
INSTITUTO DE CENSORES JURADOS DE CUENTAS DE ESPAÑA

GRANT THORNTON, S.L.P.

2019 No 01/19/02258

EUR 96.00

CORPORATE STAMP:
Accounting audit report subject to the Spanish or International account auditing regulations



7. CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR 2018

ENUSA Industrias Avanzadas, S.A., S.M.E. and Subsidiary Companies

CONSOLIDATED BALANCE SHEETS - ENUSA GROUP (Thousands of Euros)

ASSETS	Annual Report Notes	31/12/2018	31/12/2017
A) NON-CURRENT ASSETS		**107,334**	**105,064**
I. Intangible fixed assets	10	34,799	34,753
3. Patents, licenses, brands & similar		1	1
5. Computer applications		535	414
6. Other intangible fixed assets		34,263	34,338
II. Tangible Fixed Assets	9	44,427	44,275
1. Properties and constructions		18,636	19,069
2. Technical installations and other tangible fixed assets		22,562	19,603
3. Fixed assets under construction and advances		3,229	5,603
IV. Long-Term Investments in Group and Associated Companies		10,432	10,094
1. Investments in equated companies	7	10,432	10,094
V. Long-term financial investments	12	3,019	2,782
1. Financial investments		268	264
2. Financial derivatives		104	3
5. Other financial assets		2,647	2,515
VI. Deferred tax assets	15	14,657	13,160

CONTINUED ON THE NEXT PAGE

ASSETS	Annual Report Notes	31/12/2018	31/12/2017
B) CURRENT ASSETS		**362,792**	**416,579**
I. Non-Current Assets Held for Sale	9,21	-	-
II. Inventories	13	279,520	325,615
2. Raw materials and other supplies		263,847	299,604
3. Products in progress		7,154	14,544
4. Finished products		6,413	6,600
6. Supplier advances		2,106	4,867
III. Trade debtors & other accounts payable		25,784	32,846
1. Customers for sales and services	12	16,991	24,411
2. Customers, group and associated companies	12,23	2,674	776
3. Current tax assets	15	3,858	3,611
4. Sundry debtors	12	1,574	2,151
5. Personnel	12	186	210
6. Other Public Administration credits		501	1,687
IV. Short-Term Investments in Group and Associated Companies	12,23	48,992	52,773
2. Loans to group and associated companies		48,992	52,173
5. Other financial assets		-	600
V. Short-Term Financial Investments	12	825	755
2. Loans		424	457
4. Derivatives		365	240
5. Other financial assets		36	58
VI. Short-term accruals		186	634
VII. Cash & cash equivalents	12	7,485	3,956
1. Treasury		7,485	3,956
TOTAL ASSET (A + B)		470,126	521,643

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NET WORTH & LIABILITIES	Annual Report Notes	31/12/2018	31/12/2017
A) NET WORTH		**115,156**	**121,142**
A.1) Total Equity	12.3	112,232	119,823
I. Capital		60,102	60,102
III. Total Equity		31,562	31,562
1. Legal and statutory		12,020	12,020
2. Other reserves		19,542	19,542
IV. Reserves in Consolidated Companies		16,132	15,863
V. Reserves in Equated Companies		(7)	(9)
VI. Other contributions from partners		33	-
VIII. Year-End P&L Attributed to Parent Company		4,410	12,305
1. Consolidated P&L		4,410	12,305
2. Minority interest P&L		1	(2)
A.2) Value change adjustments		(2,457)	(4,237)
III. Other Consolidated Company Revaluation Adjustments		(2.457)	(4.237)
1. Hedging operations	12	(2,440)	(4,219)
2. Others		(17)	(18)
A.3) Subsidies, donations & bequests received	20	5,305	5,482
I. In Consolidated Companies		5,305	5,482
A-4) Minority Interests	6	76	74
1. Previous years minority interests		75	76
2. P&L attributed to minority interests		1	(2)
B) NON-CURRENT LIABILITIES		84,652	191,462
I. Long-term provisions	17	56,540	51,729
1. Long-term personnel obligations		14	14
2. Environmental activities	18	42,084	38,043
3. Restructuring provisions		338	364
4. Other provisions		14,104	13,308

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NET WORTH & LIABILITIES	Annual Report Notes	31/12/2018	31/12/2017
II. Long-Term Debts with Group and Associated Companies	12,23	2,483	2,021
III. Long-term debts		23,138	135,043
2. Bank loans	12	18,993	130,419
3. Financial lease creditors	11	25	41
4. Other financial liabilities		979	719
5. Derivatives		3,141	3,864
IV. Deferred tax liabilities	15	2,491	2,669
C) CURRENT LIABILITIES		270,318	209,039
II. Short-Term Provisions	17,18	6,336	6,368
III. Short-term debts	12	186,841	103,718
2. Bank loans		183,708	99,117
3. Financial lease creditors	11	16	16
4. Other financial liabilities		2,169	2,184
5. Derivatives		948	2,401
IV. Short-Term Debts with Group and Associated Companies	12,23	552	1,098
V. Trade creditors and other accounts payable		75,999	97,576
1. Suppliers	12	10,804	32,892
2. Suppliers, group and associated companies	12,23	4,476	1,475
3. Current tax liabilities	15	107	109
4. Sundry creditors	12	12,257	20,568
5. Personnel (outstanding remunerations)	12	2,252	2,117
6. Other Public Administration debts		2,376	2,307
7. Customer and debtor advances		43,727	38,108
VI. Short-term accruals		590	279
TOTAL NET WORTH & LIABILITIES (A + B + C)		470,126	521,643

CONSOLIDATED PROFIT AND LOSS ACCOUNTS - ENUSA GROUP (thousands of euros)

	Annual Report Notes	31/12/2018	31/12/2017
A) GOING CONCERNS			
1. Net turnover	16,23	251,129	303,530
a) Sales		204,049	259,536
b) Services rendered		47,080	43,994
2. Variation in inventories of finished products & products in progress		(7,577)	2,870
3. Own Expenses Capitalized		32	387
4. Supplies	16,23	(171,845)	(236,889)
a) Consumption of commodities		(36)	(49)
b) Consumption of raw materials and other consumables		(139,385)	(208,464)
c) Contracted services		(32,424)	(28,376)
5. Other Operating Income		3,516	3,216
a) Non-core and other current operating income		3,243	3,086
b) Operating subsidies included in the year's P&L	20	273	130
6. Personnel costs		(37,850)	(38,985)
a) Wages, salaries and similar costs		(28,431)	(29,650)
b) Social charges	16	(9,419)	(9,339)
c) Provisions		-	4
7. Other operating expenses		(25,191)	(21,742)
a) Outsourcing		(22,720)	(19,058)
b) Taxes		(1,648)	(1,809)
c) Losses, depreciation and variation in trading provisions		(737)	(784)
d) Other current operating expenses		(86)	(91)
8. Fixed asset amortization	9,10	(7,512)	(7,305)
9. Allocation of Non-Financial Fixed Asset Subsidies & Others	20	3	3
10. Surplus provisions		429	2,148

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11. Fixed Asset Impairment and Disposal Results		(56)	81
b) Results from sales and others		(56)	81
12. Other Operating Results	16	37	857
a) Extraordinary expenses		(149)	(674)
b) Extraordinary income		186	1,531
A.1) OPERATING RESULT (1+2+3+4+5+6+7+8+9+10+11+12)		5,115	8,171
13. Interest income		1,907	455
b) From marketable securities and other financial instruments		1,907	455
b.1. Group and associated companies	23	155	337
b.2. Third parties		1,752	118
14. Financing costs		(4,374)	(5,731)
a) Group and associated company accounts	23	(17)	-
b) Third party debts		(3,688)	(4,703)
c) Revaluation of provisions		(669)	(1,028)
16. Exchange differences	14	(72)	414
17. Impairment and results from sales of financial instruments		-	8,500
b) Results from sales and others	12	-	8,500
18. Capitalization of financing costs	10	655	782
A.2) FINANCIAL RESULT (13+14+15+16+18)		(1,884)	4,420
19. Share in Profits (Losses) of Equated Companies	7	664	803
A.3) PRE-TAX P&L (A.1. + A.2. + 19.)		3,895	13,394
22. Income Tax	15	516	(1,091)
A.4) YEAR-END P&L FROM GOING CONCERNS (A.3. + 22.)		4,411	12,303
B) DISCONTINUED OPERATIONS		-	-
A.5) CONSOLIDATED YEAR-END P&L (A.4. + B.)		4,411	12,303
P&L attributed to the parent company		4,410	12,305
P&L attributed to minority interests	6	(1)	2

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STATEMENT OF CHANGES IN CONSOLIDATED NET WORTH - ENUSA GROUP

A) STATEMENT OF RECORDED CONSOLIDATED INCOME AND EXPENDITURE (Thousands of Euros)

	Annual Report Notes	31/12/2018	31/12/2017
A) YEAR-END CONSOLIDATED P&L		**4,411**	**12,303**
INCOME & EXPENDITURE CHARGED DIRECTLY TO CONSOLIDATED NET WORTH			
II. For cash flow hedges	12	1,708	(5,313)
III. Subsidies, donations & bequests received	20	-	414
IV. Translations differences		1	(18)
V. Tax effect	15	(422)	1,208
B) TOTAL INCOME & EXPENDITURE CHARGED DIRECTLY TO CONSOLIDATED NET WORTH (II+III+IV+V)		**1,287**	**(3,709)**
TRANSFERS TO THE CONSOLIDATED P&L ACCOUNT			
VII. For cash flow hedges	12	668	(973)
VIII. Subsidies, donations & bequests received	20	(237)	(102)
IX. Tax effect	15	(114)	252
C) TOTAL TRANSFERS TO THE P&L ACCOUNT (VII+VIII+IX)		**317**	**(823)**
TOTAL RECORDED CONSOLIDATED INCOME AND EXPENDITURE (A+B+C)		6,015	7,771
Attributed to the parent company		6,013	7,773
Attributed to minority interests		2	(2)

STATEMENT OF CHANGES IN CONSOLIDATED NET WORTH - ENUSA GROUP

B) TOTAL STATEMENT OF CHANGES IN CONSOLIDATED NET WORTH (Thousands of Euros)

	Capital	Previous Years' Reserves and P&L	Other contributions from partners	Year-End P&L Attributed to Parent Company	Value change adjustments	Subsidies, donations & bequests received	Minority Interests	Total
A. Balances at 31 December 2016	60,102	47,191	-	10,174	528	5,249	76	123,320
I. Total recorded consolidated income and expenditure	-	-	-	12,305	(4,765)	233	(2)	7,771
II. Operations with partners or owners	-	225	-	(10,174)	-		-	(9,949)
4. Distribution of 2016 profits	-	-	-	(9,924)	-	-	-	(9,924)
- Reserves	-	-	-	-	-	-	-	-
- Dividends	-	-	-	(9,924)	-	-	-	(9,924)
7. Other transactions	-	225	-	(250)	-	-	-	(25)
B. Balances at 31 December 2017	60,102	47,416	-	12,305	(4,237)	5,482	74	121,142
I. Total recorded consolidated income and expenditure	-	-	-	4,410	1,780	(177)	2	6,015
II. Operations with partners or owners	-	271	33	(12,305)	-	-	-	(12,001)
4. Distribution of 2017 profits	-	-	-	(12,450)	-	-	-	(12,450)
- Reserves	-	-	-	-	-	-	-	-
- Dividends	-	-	-	(12,450)	-	-	-	(12,450)
7. Other transactions	-	271	33	145	-	-	-	449
C. Balances at 31 December 2018	60,102	47,687	33	4,410	(2,457)	5,305	76	115,156

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STATEMENT OF CONSOLIDATED CASH FLOWS - ENUSA GROUP (Thousands of Euros)

	Annual Report Notes	2018	2017
A) CONSOLIDATED CASH FLOWS FROM OPERATING ACTIVITIES			
1. Pre-Tax Year-End Consolidated P&L		3,895	13,394
2. Consolidated P&L Adjustments		15,705	4,407
Fixed asset amortization (+)	9,10	7,512	7,305
Valuation adjustments for depreciation (+/-)		844	761
Variation in provisions (+/-)		6,973	3,060
Allocation of subsidies (-)	20	(237)	(102)
Fixed asset write-off & disposal results (+/-)		56	(92)
Results for removals and sales of financial instruments (+/-)		-	(8,500)
Interest income (-)		(1,907)	(455)
Financing costs (+)		3,039	3,637
Exchange rate differences (+/-)	14	72	(414)
Share in profits (losses) of equated companies, net of dividends	7	(664)	(803)
Other income and expenditure (-/+)		17	10
3. Changes in Consolidated Working Capital		31,224	30,391
Inventories (+/-)		46,003	61,345
Debtors and other accounts receivable (+/-)		5,757	(3,383)
Other current assets (+/-)		470	(433)
Creditors and other accounts payable (+/-)		(21,316)	(26,919)
Other current liabilities (+/-)		310	(219)
4. Other Consolidated Cash Flows from Operating Activities		(5,479)	(8,046)
Interest payments (-)		(3,873)	(4,484)
Dividend income (+)		1,337	1,119
Interest income (+)		2,512	2,347
Income tax payments (charges) (-/+)		(1,946)	(2,875)
Other payments (charges) (-/+)	17	(3,509)	(4,153)
5. Consolidated Cash Flows from Operating Activities (1+2+3+4)		45,345	40,146

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B) CONSOLIDATED CASH FLOWS FROM INVESTMENT ACTIVITIES		
6. Investment Payments (-)	(55,412)	(59,462)
Group companies, net of consolidated company cash	(48,990)	(52,171)
Intangible fixed assets	(503)	(484)
Tangible Fixed Assets	(5,673)	(6,682)
Other financial assets	(246)	(125)
7. Disinvestment Charges (+)	52,261	61,198
Group companies, net of consolidated company cash	52,172	51,212
Tangible Fixed Assets	-	258
Other financial assets	89	8,691
Non-current assets held for sale	-	1,037
8. Consolidated Cash Flows from Investment Activities (7-6)	(3,151)	1,736
C) CONSOLIDATED CASH FLOWS FROM FINANCING ACTIVITIES		
9. Collections and payments for equity instruments	257	108
g) Subsidies, donations and bequests received	224	108
i) Other contributions from partners	33	-
10. Financial Liability Instrument Charges and Payments	(26,473)	(32,316)
a) Issue	**72,493**	**57,837**
Bank loans (+)	71,616	57,046
Group and associated company accounts (+)	465	608
Sundry debts (+)	412	183
b) Repayment and amortization	**(98,966)**	**(90,153)**
Bank loans (-)	(98,346)	(90,055)
Group and associated company accounts (-)	(555)	-
Sundry debts (-)	(65)	(98)
11. Dividend Payments and Remuneration of Other Financial Investments	(12,450)	(9,924)
Dividends (-)	(12,450)	(9,924)
12. Consolidated Cash Flows from Financing Activities (9+10+11)	(38,666)	(42,132)
D) EFFECT OF CHANGES IN EXCHANGE RATES	**1**	**(18)**
E) NET INCREASE/DECREASE OF CASH OR CASH EQUIVALENTS (5+8+12+D)	**3,529**	**(268)**
Cash or Cash Equivalents at Beginning of Year	3,956	4,224
Cash or Cash Equivalents at Year's End	7,485	3,956

Consolidated Annual Report for the year 2018

1. Companies of the Group

1.1. PARENT COMPANY

ENUSA Industrias Avanzadas, S.A., S.M.E. (hereinafter ENUSA or the parent Company) was incorporated in Spain in 1972 for an indefinite period of time. Its registered office is located on Calle Santiago Rusiñol, nº 12 in Madrid.

The shareholders at 31 December 2018 are the Sociedad Estatal de Participaciones Industriales (SEPI), holding 60% of the capital, and the Centro de Investigaciones Energéticas, Medioambientales y Tecnológicas (CIEMAT), holding the remaining 40%.

The parent Company's aim is as follows:

1. Mineral research and exploitation, production of uranium concentrates and other byproducts, uranium enrichment, engineering and manufacture of nuclear fuel assemblies and other components, products, equipment and processes for electric power generation, and the use, distribution and marketing of the products resulting from each of the aforesaid industrial phases and provision of services related to these products or to radioactive materials.
2. Provision of chemical, physicochemical and radiological analysis services, and issue of reports and advice on environment-, energy- and technology-related matters.
3. Execution and maintenance, by itself or by others, of all manner of civil works, buildings and installations, including electrical and mechanical ones and including operations inside and outside quarries, as well as land reclamation, including land affected by radioactive materials.
4. Preparation of all kinds of technical studies and reports, including those regarding radioactive materials; execution of all kinds of projects, and technical oversight and management of works of any sort, including nuclear or radioactive installations.
5. Collection and treatment of urban and industrial wastes, and water treatment.

The main activities of ENUSA are as follows:

1. Industrial Activities

- Engineering and manufacture of nuclear fuel assemblies and other components. To conduct its manufacturing business, ENUSA has signed licensing contracts since 1974 with the technology owners, to which it pays the appropriate royalties. The licence agreement with Global Nuclear Fuel - Americas, General Electric Hitachi and GE Infrastructure Technology International has been extended on December 28, 2018, extending the term thereof until the end of December 2024. Westinghouse, it was renewed in November 2017, effective on 1 January 2017, being valid up to 31 December 2024.

- Product distribution and marketing in each of the aforesaid industrial phases, and provision of services related to these products or to radioactive materials.

2. Uranium Supply Activities

- Uranium procurement, as well as isotopic enrichment and conversion services, for the supply of enriched uranium to the Spanish nuclear reactors.
- Natural and enriched uranium stock management.

3. Other Activities

- Provision of chemical, physicochemical and radiological analysis services, as well as reporting on environmental, energy and technological issues.
- Land, slag heap and old mine reclamation, water treatment, and execution and maintenance, by itself or by others, of all manner of civil works, buildings and installations.
- Studies, technical reports and projects related to its areas of operation.
- Provision, through its subsidiaries, of fuel assembly inspection and repair services, radioactive material and explosives transportation, radioactive isotope manufacture and marketing, land reclamation, execution and maintenance of all manner of civil works, buildings and installations, including electrical and mechanical ones and including operations inside and outside quarries, as well as management, recycling, reutilization and treatment of industrial and hazardous wastes and recovery and decontamination of contaminated areas and soils.
- The execution of works and service management corresponding to the "Project for urban solid waste management of the Zonal Waste Plan of Zone I of Castellón" through its investment as partner in the joint venture (UTE) "ENUSA Industrias Avanzadas, S.A., S.M.E., Forbesa Valoración de Residuos, S.L.U., S.A. and A2A Ambiente, S.p.A. Unión Temporal de Empresas" (hereinafter, UTE RSU).

The industrial activities have been carried out in the fuel assembly factory located in the town of Juzbado, in the province of Salamanca, since 1985.

The manufacturing process of the PWR fuel assemblies (for pressurized water nuclear power plants) and BWR fuel assemblies (for boiling water nuclear power plants) takes place in this industrial Center.

ENUSA also leads pioneering environmental reclamation projects in the areas where it operates or in which it has conducted its mining and industrial business in the past (uranium concentrate mines of La Haba in Badajoz and Saelices el Chico in Salamanca), for the ultimate purpose of returning these areas to the geological and environmental conditions they had before their exploitation began.

ENUSA belongs to the consolidated group of the Sociedad Estatal de Participaciones Industriales (SEPI). In accordance with the provisions of article 136.3 of General Budget Act 47/2003 of November 26, SEPI is not required to deposit its consolidated accounts in the Business Registry because it is not a commercial enterprise.

1.2. SUBSIDIARY COMPANIES

Following is the list of the multi-group and associated companies of the ENUSA Group at 31 December 2018 and 2017:

Multi-group and Associated Companies that make up the ENUSA Group at 31 December 2018 and 2017:

Company	Head Office	Holder	% Investment	Nominal Share (Thou. €)	Activity
EMPRESA PARA LA GESTIÓN DE RESIDUOS INDUSTRIALES, S.A., S.M.E., M.P. (Emgrisa)	Santiago Rusiñol, 12 – Madrid	ENUSA	99.62	7,783	Performance of any activities necessary for the proper management of the programs and actions of the National Industrial Waste Plan to which the Law 20/1986 of 14 May refers, aimed at the rationalization and coordination of the management of these resources.
EXPRESS TRUCK, S.A.U., S.M.E. (ETSA)	Ctra. Salamanca-Vitigudino, km. 0,7 (Cetramesa) Salamanca	ENUSA	100,00	301	All types of transports, both national and foreign, in all its extension and with any modality and merchandise, including hydrocarbons, chemical products, radioactive material and others.

2. Associated and Multi-Group Companies

Following is the list of the ENUSA Group multi-group and associated companies at 31 December 2018 and 2017:

Multi-Group and Associated Companies at 31 December 2018 and 2017:

Company	Head Office	Holder	% Investment	Nominal Share (Thou. €)	Activity
MULTI-GROUP COMPANIES					
ENUSA-ENSA, A.I.E.	Santiago Rusiñol, 12 – Madrid	ENUSA	50,00	210	Repair of fuel assemblies for PWR-type light water reactors as well as other services related to the reactor core and its components.
ASSOCIATED COMPANIES					
GNF ENUSA NUCLEAR FUEL, S.A.	Juan Bravo, 3-C (Madrid)	ENUSA	49,00	53	Marketing of nuclear fuel and provision of engineering services on this fuel.
CETRANSA, S.A.	Pol. Industrial Los Barriales. 47.011- Santovenia de Pisuerga (Valladolid)	Emgrisa	30,00	360	Management and treatment of industrial waste.
REMESA, S.A.	Plaza de España, s/n. 52.001 (Melilla)	Emgrisa	50,00	6,275	Integrated operation and management of treatment plant of urban waste.
SPANISH NUCLEAR GROUP FOR COOPERATION, A.I.E.	Santiago Rusiñol, 12 – Madrid	ENUSA	25,00	6	Commercial promotion of products and services for nuclear plants in the People's Republic of China and other countries of common interest for the partners.

Appendix I includes additional information on the Group's member companies, their net worth and the direct and indirect investment at 31 December 2018 and 2017.

3. Bases of Presentation of the Consolidated Annual Accounts

3.1. TRUE AND FAIR REFLECTION

The consolidated annual accounts, comprising the consolidated balance sheet, the consolidated P&L account, the consolidated statement of changes in net worth, the consolidated cash flow statement and the consolidated annual report consisting of notes 1 to 27, were prepared on the basis of the accounting records of ENUSA, as well as those of the consolidated companies and the integrated temporary joint ventures. The 2018 consolidated annual accounts have been prepared in accordance with current commercial legislation and with the rules provided in the General Accounting Plan, in Order EHA/3362/2010 of December 23 which approves the rules of adaptation of the General Accounting Plan to concessionaires of public infrastructures and in Royal Decree 1159/2010 which approves the rules for preparation of consolidated annual accounts, which was modified in 2016 by the Royal Decree 602/2016, of 2 December, in order to show a true and fair reflection of the consolidated state of affairs and the consolidated financial position at 31 December 2018 and the consolidated results of operations and changes in the consolidated net worth and consolidated cash flows corresponding to the financial year ending on that date.

The consolidated 2018 annual accounts, which have been prepared on 05 March 2019, are expected to be approved by the General Shareholders' Meeting without any modifications.

3.2. INFORMATION COMPARISON

The consolidated annual accounts present, for purposes of comparison with each of the items in the balance sheet, profit and loss account, statement of changes in net worth, statement of cash flows and annual report, in addition to the figures for 2018, the figures from the previous year which formed part of the 2017 annual accounts approved by the General Shareholders' Meeting of 28 May 2018.

3.3. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The consolidated annual accounts are presented in thousands of Euros, rounded off to the nearest thousand, which is the functional and presentation currency of the parent Company.

3.4. CLASSIFICATION OF CURRENT AND NON-CURRENT ITEMS

The classification of current items is based on a maximum period of one year from the date of this consolidated annual account report.

3.5 GROUPING OF ITEMS

Certain items in the consolidated balance sheet, consolidated P&L account, consolidated statement of changes in net worth and consolidated cash flow statement are presented in groups to facilitate understanding, although, to the extent that it is significant, the information has been broken down and included in the corresponding notes of the consolidated annual report.

3.6. CRITICAL ISSUES OF VALUATION AND ESTIMATION OF UNCERTAINTY

In the preparation of the consolidated annual accounts estimates have been made to determine the book value of some of the assets, liabilities, income and expenses and on the breakdowns of the contingent liabilities. These estimates made have been made on the basis of the best information available at the closing of the financial year. However, given their inherent uncertainty, future events may arise that require modifying them in upcoming years, which will be done, where applicable, on a prospective basis.

The key suppositions about the future, as well as other relevant data on the estimate of the un-certainty on the closing date of the financial year, which are associated to an important risk of causing significant changes in the value of the assets or liabilities in the upcoming financial year are the following:

Impairment of the value of non-current assets (Note 9)

The assessment of non-current assets, other than financial assets, requires making estimates with the aim of determining their recoverable value, for the purpose of evaluating possible impairment, especially for the goodwill. In order to determine this recoverable value, the future cash flows expected from the assets or from the cash generating units of which they form part are estimated and an appropriate discount rate is used to calculate the current value of these cash flows. The future cash flows depend on working within the budgets of the next five years, while the discount rates depend on the interest rate and the risk premium associated with each cash generating unit.

Valuation of financial instruments (Note 12)

The Group uses financial derivatives as part of its strategy to reduce its exposure to exchange rate and interest rate risks.

The hedging operations carried out by the Group are classified as cash flow hedges and they cover the exposure to the variation in future cash flows attributed to:

- Risks in relation to exchange rates, in purchases or supplies and in sales made in foreign currencies, by foreign currency purchase/ sales operations on credit, thereby fixing a known exchange rate on a specific date (which furthermore may be restated later for exact adaptation and application to the cash flows of the hedged item).
- Interest rate risks, by contracting financial swaps that allow the parent Company to convert part of the financing costs referenced at a variable rate into a fixed rate.

Deferred tax assets (Note 15)

Deferred tax assets are recorded for all the temporary deductible differences, generated negative tax bases and deductions pending application, for which it is probable that the Group will have future tax earnings that permit the application of these assets. For this reason, significant estimates have to be made to determine the amount of the deferred tax assets that can be recorded, taking into account the amounts and the dates on which the future tax earnings will be obtained and the reversion period of the temporary tax differences and the application of the negative tax bases and deductions.

Provisions and Contingencies (Note 17)

The Group allocates provisions to cover future liabilities, for which it is required to make different hypotheses and estimates. In general, for all the allocated provisions, the principal estimates refer to the greater or lesser certainty that future disbursements directly related to the provision are going to take place, to the amounts provided for them, as well as to the dates in which it is forecast that they will be realized. In the specific case of the provisions derived from litigations in progress, the Group also counts on outside advisers regarding the probability of the occurrence of disbursements, in order to classify the events as a provision or a future contingency.

Lastly, there is no awareness of any major uncertainties relative to events or conditions that could cast significant doubts on the ability of different companies of the Group to continue business as usual.

4. Distribution of Earnings

The Board of Directors of the parent Company will propose to the General Shareholders' Meeting that it approve the following distribution of 2018 earnings:

	EUROS
Basis for distribution	**2018**
P&L Account Balance	3,733,910.49
TOTAL	**3,733,910.49**
Distribution	
To dividends	3,733,910.49
TOTAL	**3,733,910.49**

The General Shareholders' Meeting of 28 May 2018 approved the distribution of 2017 earnings amounting to 12,450,169.43 Euros, consisting of their complete allocation to dividends.

Limitations for the distribution of results and dividends

Pursuant to Section 274 of the Corporate Law, approved by Royal Legislative Decree 1/2010, of July 2nd, companies are required to allocate 10% of the profits of each financial year to constitute the Legal Reserve until that the latter reaches, at least, 20% of the Capital Stock. This reserve is not distributable to shareholders, and may only be used, in case of no other available reserves, to cover the debit balance of the income statement.

5. Recording and Valuation Rules

The main principles applied are as follows:

5.1. SUBSIDIARY COMPANIES

Subsidiaries, including special purpose entities, are considered to be those over which the parent Company directly, or indirectly through subsidiaries, exercises control, as provided in article 42 of Commercial Law.

For the sole purpose of presentation and itemization, group companies are considered to be those that are controlled through any means by one or more natural persons or legal entities that act jointly or report to a sole management based on statutory clauses or agreements. All the references to group companies and amounts shown in the consolidated Balance Sheet and Profit & Loss Account correspond to the SEPI Group.

The subsidiaries have been consolidated by applying the full integration method.

The income, expenditure and cash flows of the subsidiaries are included in the consolidated annual accounts as of the date of acquisition, which is the date on which the Group effectively obtains control thereof. The subsidiaries are excluded from the consolidation exercise as of the date on which control is lost.

The transactions and balances maintained with subsidiaries and the unrealized profits or losses have been eliminated from the consolidation process. However, unrealized losses have been considered as an indicator of the value impairment of the transferred assets.

The accounting policies of the subsidiaries are adapted, if they are different, to the Group's accounting policies for transactions and other events that are similar and have occurred under similar circumstances.

The annual accounts or financial statements of the subsidiaries used in the consolidation process refer to the same date of presentation and same period as those of the Company.

5.2. JOINT VENTURES AND ASSOCIATED COMPANIES

Multi-group companies are considered to be those that are jointly managed by the Company or one or more of the Group companies, including the dominant companies or natural persons, and one or more third parties outside the Group.

Jointly controlled operations and assets are considered to be those for which there is a statutory or contractual agreement to share control over an economic activity, such that both financial and operating strategic decisions concerning the activity require the unanimous consent of the Group and the rest of the partners.

The Group undertakes certain projects on a joint basis with other companies by setting up Temporary Joint Ventures (UTEs). The information on these UTEs is provided in note 8.

Investments in multi-group companies are recorded by the equating method as of the date on which joint control is exercised and up to the date on which this joint control ends. However, if, on the date joint control is obtained, the investments meet the conditions for classification as non-current assets or disposable groups of items held for sale, they are recorded at fair value minus the sales costs.

For jointly controlled operations and assets, the Group records in the consolidated annual accounts the assets that are under its control, the liabilities it has incurred and the proportional part based on its percent share in the jointly controlled assets and jointly incurred liabilities, as well as the portion of income earned from the sale of goods or provision of services and the costs incurred by the joint venture. Likewise, the consolidated statement of changes in equity and the consolidated statement of cash flows also include the part that corresponds to the Group by virtue of the agreements reached.

The reciprocal transactions, balances, income, expenses and cash flows have been eliminated in proportion to the share held by the Group in the joint ventures. Dividends have been eliminated in full.

Associated companies are considered to be those on which the Group directly, or indirectly through subsidiaries, exerts significant influence. Significant influence is the power to intervene in the decisions concerning a company's financial and operating policies, without entailing the existence of control or joint control over that company. The assessment of the existence of significant influence considers the potential voting rights exercisable or convertible at the end of each financial year, and also considers the potential voting rights held by the Group or by third parties.

The Group considers that it exercises significant influence when its share in the capital of the company in question is greater than 20% but less than 50%.

Investments in associated companies are recorded by the equating method as of the date on which significant influence is exerted and up to the date on which the Group can no longer justify the existence thereof. However, if, on the date of acquisition, they meet the conditions for classification as non-current assets or disposable groups of items held for sale, they are recorded at the consolidated value or their fair value, whichever is lower, minus the sale costs.

The Group's share in the profits or losses of associated companies obtained as of the acquisition date is recorded as an increase or decrease of the value of the investments credited or charged to the item "Investments in equated company P&L" of the consolidated P&L account. Likewise, the Group's investment in the total recognized income and expenses of the associated companies obtained as of the acquisition date is recorded as an increase or decrease of the value of the investments in the associated companies, recording the balancing entry in consolidated net worth accounts. The distributions of dividends are recorded as reductions of the investment value. To determine the Group's share in profits or losses, including the value impairment losses recorded by the associated companies, the income or expenses stemming from application of the acquisition method are considered.

The accounting policies of the associated companies have been subject to valuation harmonization on the same terms as those referred to for the subsidiaries.

All the multi-group and associated companies close their financial year on 31 December.

5.3. CONSOLIDATION GOODWILL AND NEGATIVE CONSOLIDATION DIFFERENCE

In accordance with the accounting principles and rules previously in effect, the difference between the book value of investments in consolidated companies and the amount of total equity corresponding to the percent share therein was recorded, if positive, as Goodwill and, if negative, as a Negative Consolidation Difference on the date of their first consolidation.

At 31 December 2018 and 2017, the net book value of all Goodwill is zero.

The Negative Consolidation Differences were considered as reserves in 2008, in accordance with the criteria set forth in point 2 of the ICAC note (BOICAC no. 75) regarding the rules of first application to preparation of the initial consolidated balance sheet.

5.4. MINORITY INTERESTS

As of the date of transition to the current accounting legislation (1 January 2008), minority interests in the subsidiary companies are recorded in Net Worth on the date of acquisition by the percent investment in the fair value of the identifiable net assets. Minority interests in subsidiary companies acquired prior to this transition date were recorded by the percent investment in their net worth on the date of first consolidation. Minority interests are presented in the consolidated net worth of the consolidated balance sheet separately from the equity attributed to the parent Company. The share of minority interests in the year's profits or losses is also presented separately in the consolidated P&L account.

The share of the Group and of the minority interests in the profits and losses and in the changes in net worth of the subsidiaries, once the adjustments and eliminations stemming from the consolidation are considered, is determined on the basis of the investment percentages existing at year's end, without considering the possible exercise or conversion of potential voting rights, and after deducting the effect of dividends, whether or not agreed, of preferred shares with cumulative rights that have been classified in net worth accounts.

Excess losses attributable to minority interests and not charged to them because they exceed the amount of the investment in the subsidiary equity, are recorded as a decrease of the Group consolidated net worth, whenever the obligation of the minority interests is limited to the contributed amounts and there are no pacts or agreements on additional contributions. The profits earned by the Group on subsequent dates are allocated to it until the amount of the minority interest share in the losses absorbed in previous accounting periods is recovered.

5.5. INTANGIBLE FIXED ASSETS

Intangible fixed assets are appraised at the acquisition price or production cost, and they are presented in the consolidated balance sheet at cost price, minus the accrued amortization and the accrued amount of known valuation adjustments, if any, for depreciation.

Research-related costs are recorded as expenditure in the consolidated profit and loss account as they are incurred.

Intangible fixed assets in computer applications are those acquired from third parties, and they are amortized using the straight-line method over a period of no more than four years. The maintenance costs of computer applications are carried over to expenses at the time they are incurred.

The Intangible Fixed Assets include the assets subject to concession comprised by the parent Company's investment in the UTE RSU, applying the provisions of Order EHA/3362/2010 of 23 December, which approved the Rules for adapting the General Accounting Plan to the concessionaires of public infrastructures.

The most significant aspects of this application are the following:

- **Consideration received for the construction or improvement services.**

The consideration received by the concessionaire is recorded at the fair value of the service provided, in principle equivalent to the cost plus the construction margin, with this concession agreement having been classified as an Intangible Fixed Asset. This Intangible Fixed Asset is amortised during the entire concession period (20 years), ending December 2031.

- **Deferred financing costs for financing concession elements.**

By having classified concession agreements as Intangible Fixed Assets, from the time at which the infrastructure covered by the agreements is in operating conditions, the financing costs incurred are capitalized, and charged to results in proportion to the expected income indicated in the Financial Economic Plan of the concession. This proportion is applied to the total financing costs envisaged during the concession period.

- **Actions on the infrastructure during the term of the agreement.**

Certain future actions on the infrastructure covered by the agreements generate the allocation of certain provisions, some of which are made with the matching entry being the higher value of the Intangible Fixed Asset subject to the concession, as they are similar to the provisions for dismantling or retirement costs.

5.6. TANGIBLE FIXED ASSETS

Tangible fixed assets are shown at acquisition price or production cost and include the value of the legal revaluation carried out in accordance with the provisions of Royal Decree-Law 7/1996 of June 7 (see Note 9), and they are presented in the balance sheet at cost price, minus the accrued amortization and the accrued amount of value corrections, in any, due to known impairment.

The cost of tangible fixed assets includes the estimated costs of dismantling or retiring the Juzbado factory, as well as rehabilitation of the site on which it is located, which is planned as of the year 2027, as obligations are incurred as a result of their use and for purposes other than production of inventories.

Advances and fixed assets under construction correspond to monetary payments prior to the total commissioning for the Group of the fixed asset to which they refer. They are appraised by the amount of the monetary payment made up to the time of reception and total commissioning of the fixed asset in question, at which time they are reclassified to the appropriate tangible fixed asset account.

The cost of those assets acquired or produced after 1 January 2008 and that need more than one year to be in a condition for use includes the financing costs accrued before the fixed asset is fit for operation which meet the requirements for capitalization thereof.

The amortization of fixed assets is calculated on the basis of book values in order to amortize these values in full with the straight-line method over annual periods within the estimated useful life of the assets.

The Group amortizes the tangible fixed assets, following the straight-line method according to the following estimated years of useful life, as shown below:

Constructions	33 to 50 years
Technical installations, machinery & tools	3 to 15 years
Other installations	8 to 10 years
Data processing equipment & furniture	2 to 10 years
Other tangible fixed assets	3 to 10 years

The costs of upgrading, expanding or enhancing tangible fixed assets, when this does not involve increased capacity or productivity or an extension of their useful life, are charged to results of the year in which they are incurred.

Likewise, the enhancements of tangible fixed asset items that represent increased capacity or efficiency, or an extension of their useful life, are included in the acquisition cost.

The fixed asset revaluation carried out by the Parent Company in 1996 was calculated by applying certain rates, depending on the year of purchase and amortization of the items, to the acquisition values or production cost and to the corresponding annual amortization provisions that were considered as a deductible expense for tax purposes, in accordance with the rules that regulates these revaluation operations. The resulting net revaluation was reduced by 40% for purposes of considering the financing circumstances of the items, as established by this rule.

Valuation adjustments for depreciation correspond to the estimated amounts of reversible losses of the tangible fixed assets at year's end.

5.7. IMPAIRMENT OF TANGIBLE AND INTANGIBLE FIXED ASSETS

An impairment loss of the value of an item of the tangible or intangible fixed assets takes place when the book value exceeds the recoverable value thereof; the recoverable amount is the higher amount between its fair value less the cost of disposal and its value in use.

For these purposes, at least at year-end, the Group assesses, by means of a so called "depreciation test", whether there is sufficient evidence that points to a tangible or intangible asset with an indefinite lifespan or, where appropriate, a cash generating unit being impaired, in which case its recoverable amount is estimated by making the necessary value adjustments.

The impairment calculations of the tangible fixed assets are individually carried out. Nevertheless, when it is not possible to determine the recoverable amount of each individual asset, the recoverable amount of the cash generating unit to which each element of the fixed asset belongs shall be determined.

In case an impairment loss should be recognised for a cash-generating unit to which all or part of goodwill has been allocated, the carrying amount of the goodwill corresponding to the above mentioned unit is reduced in first place. If the impairment exceeds the amount thereof; the value of the rest of the assets of the cash generating unit is secondly reduced, and is apportioned to the carrying amount thereof, up to the limit of the higher value among the following: its fair value less the cost of disposal, its value in use and zero. The impairment loss should be recorded allocated to the results of the year.

When an impairment loss is subsequently reversed (a circumstance which is not permitted in the specific case of goodwill), the carrying amount of the asset or of the cash generating unit is increased in the revised estimate of its recoverable amount, but in such a way that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in previous financial years. Such a reversal of a loss due to depreciation is recorded as income in the consolidated P&L account.

5.8. LEASES

The Group has been granted the right to use certain assets under leasing contracts.

Leasing contracts that, at the beginning thereof, substantially transfer to the Group all the risks and benefits inherent in ownership of the assets are classified as financial leases, and they are otherwise classified as operating leases.

Financial Leases

At the beginning of the financial lease, the Group records an asset and a liability by the lower of the fair value of the leased asset or the current value of the minimum lease payments. The initial direct costs are included as the greater asset value. The minimum payments are divided between the financing charge and the reduction of the outstanding debt. The financing costs are charged to the consolidated P&L account by applying the effective interest rate method.

Contingent leasing fees are recorded as an expense when it is likely that they will be incurred.

The accounting principles applied to the assets used by the Group by virtue of signing leasing contracts classified as financial are the same as those indicated in section 5.6. However, if, at the beginning of the lease, there is no reasonable certainty that the Group is going to obtain ownership of the assets at the end of the leasing term, these are amortized during the useful life or the term thereof, whichever is shorter.

Operating Leases

Fees stemming from operating leases, net of the incentives received, are linearly recorded as an expense during the term of the lease, except when another systematic basis for distribution is more representative because it more adequately reflects the timeframe of the lease profits.

5.9. FINANCIAL INSTRUMENTS

5.9.1. Criteria of Classification and Valuation of the Different Financial Instruments

Financial instruments are classified at the time of their initial recording as a financial asset, a financial liability or a financial investment, in accordance with the economic essence of the contractual agreement and with the definitions of financial asset, financial liability and financial investment.

The Group classifies the financial instruments in the different categories in keeping with the characteristics and the intentions of the Management at the time of their initial recognition.

A financial asset and a financial liability are subject to compensation only when the Group has the right to demand compensation for the recorded amounts and intends to liquidate the net amount or simultaneously realize the asset and cancel the liability.

Based on their valuation criteria, financial instruments are classified in the following categories:

Financial Assets

Loans and Accounts Receivable

These correspond to loans for trade and non-trade operations, provided the latter are not considered as financial derivatives and cannot be traded on an active market. This group includes the balance sheet items relative to trade debtors and other accounts receivable (including balances in favour of the company with personnel), group company accounts and other long- term (deposits and guarantees) and short-term financial assets.

These assets are initially recorded at their fair value, including the transaction costs incurred, and they are subsequently appraised at the amortized cost by using the effective interest rate method.

At year's end, the Group makes the appropriate value adjustment in its financial assets when a decrease in the fair value of realization of these assets becomes evident. Specifically, the Group records a value depreciation in the trade debtor accounts and other accounts receivable when there is objective evidence that it will not be able to collect all the amounts it is owed, in accordance with the original terms of those accounts.

The depreciation loss is recorded and charged to results and is reversible in subsequent years if the decrease can be objectively related to an event following its recognition.

Financial assets available for sale

These correspond to financial investments in companies that are not considered as group, multi-group or associated companies and which the Group does not plan to dispose of in the short term.

The available-for-sale financial assets are initially recorded at the fair value plus the transaction costs directly attributable to the purchase.

After the initial recognition, if the fair value of the financial assets classified in this category cannot be reliably determined, they are appraised at cost minus, if any, the accrued amount of the value corrections for depreciation of the item in question. The dividends are recorded in results according to the criteria provided in section 5.9.3.

The losses due to value impairment that correspond to financial investments are not reversible. Subsequent increases in fair value, once the loss due to depreciation has been recorded, are recorded in consolidated net worth.

Financial Liabilities

Debts and Accounts Payable

These correspond to debts from trade and non-trade operations, provided the latter are not considered as financial derivatives. Specifically, this section includes all the balance sheet items relative to trade creditors and other accounts payable (including outstanding remunerations to personnel and advances received from customers, the latter with short-term maturity), long- and short-term bank loans, and other unpaid long-term and short-term debts.

They are initially recorded by their fair value, minus transaction costs, if any, that are directly attributable to their issue. After the initial recognition, the liabilities classified under this category are appraised at amortized cost by using the effective interest rate method.

5.9.2. Criteria Used to Record the Write-Off of Financial Instruments

Financial assets are written off the books when the rights to receive cash flows related to them have expired or have been transferred and the Group has substantially transferred the risks and benefits derived from their ownership.

The Group writes off a financial liability or part of it when it has fulfilled the obligation contained in the liability or else it is legally exempted from the fundamental responsibility contained in the liability, whether by virtue of legal proceedings or by the creditor.

5.9.3. Interest and Dividends

Interest income and expenditure are recorded by applying the effective interest rate method. On the other hand, the dividends from financial investments are recorded when the Group obtains the rights to receive them. If the distributed dividends come unequivocally from results generated prior to the date of acquisition because amounts greater than the profits yielded by the invested company since the acquisition have been distributed, they decrease the book value of the investment.

5.10. HEDGE ACCOUNTING

The Group uses financial derivatives as part of its strategy to reduce its exposure to exchange rate and interest rate risks

The hedging operations carried out by the Group are classified as cash flow hedges and they cover the exposure to the variation in future cash flows attributed to:

- Risks in relation to exchange rates, in purchases or supplies and in sales made in foreign currencies, by foreign currency purchase/ sales operations on credit, thereby fixing a known exchange rate on a specific date (which furthermore may be restated later for exact adaptation and application to the cash flows of the hedged item).
- Interest rate risks, by contracting financial swaps that allow the parent Company to convert part of the financing costs referenced at a variable rate into a fixed rate.

The derivative financial instruments that meet the hedge accounting criteria are initially recorded at their fair value, plus the transaction costs, if any, that are directly attributable to the contracting thereof, or minus the transaction costs, if any, that are directly attributable to the issue thereof. However, the transaction costs are subsequently recorded in results if they do not form part of the effective variation of the hedge.

At the beginning of the hedge, the Company formally designates and documents the hedge ratios, as well as the goal and strategy it plans with respect thereto.

Entering the hedge operations in the books is only useful when it is expected that the hedge will be highly effective at the beginning of the hedge and in the following years to succeed in offsetting the changes in the fair value or in the cash flows attributable to the hedged risk, during the period for which it has been designated (prospective analysis), and the actual effectiveness, which can be reliably determined, is in the range of 80-125% (retrospective analysis).

The part of the gain or loss of the derivative financial instrument that has been determined as effective hedging is temporarily recorded in consolidated net worth, using as balancing entry the corresponding asset account (financial investments) or liability account (financial debt) and charging it to the consolidated profit and loss account in the financial year or years in which the planned hedge operation affects the results.

The Group prospectively discontinues the accounting of fair value hedges in the cases in which the derivative financial instrument expires or is sold, resolved or exercised, the hedge no longer meets the conditions for hedge accounting, or the designation is revoked. The successive renewal or replacement of a derivative financial instrument with another is not an expiration or resolution, whenever it forms part of the documented hedging strategy. In these cases, the amount accrued in consolidated net worth is not recorded in results until the planned transaction takes place. Notwithstanding the above, the amounts accrued in consolidated net worth are reclassified to the item for fair value variation in financial instruments of the consolidated profit and loss account at the time when the Group no longer expects that the planned transaction will take place.

5.11. INVENTORIES

Inventories are initially appraised by the acquisition or production cost.

The acquisition cost includes the amount billed by the vendor after deducting any discount or other similar items, and also the interest charged at the nominal debt rate, and adding the additional costs incurred until the goods are placed for sale and any others directly attributable to the acquisition, as well as the financing costs according to the following provisions and the indirect, non-recoverable Public Treasury taxes.

The Group includes in the cost of the supply management inventories, which require more than one year to be in a condition to sell, the financing costs related to the specific or generic financing directly attributable to their acquisition.

If the financing has been specifically obtained, the amount of the interest to be capitalized is determined on the basis of the accrued financing costs. The amount of the interest to be capitalized for generic, non-commercial financing is determined by applying an average weighted interest rate to the current investment, deducting the specifically financed part and the part financed with total equity, with the limit of the accrued financing costs in the profit and loss account.

The production cost of inventories includes the acquisition price of the raw materials and other consumables, and the costs directly related to the produced units and a systematically calculated part of the variable or fixed indirect costs incurred during the transformation process. The fixed indirect costs are distributed on the basis of the normal production capacity or actual production, whichever is lower.

Specifically, the costs of the main headings are determined as follows:

- Raw and auxiliary materials corresponding to the supply management stock: include the material acquisition price and the financial burden associated with financing them, as determined in the uranium supply contract.
- Finished products and products in progress: include the cost of materials and assemblies that are incorporable into their acquisition cost, plus direct and indirect personnel costs based on the number of hours charged, plus the amortization of productive items and other manufacturing process costs.

Advances to suppliers, delivered on account of purchase orders, are appraised by the nominal amount or by the equivalent value in Euros, as appropriate, given the scant financial effect.

The cost of raw materials and other supplies, the cost of commodities and the cost of transformation are allocated to the different units in inventories by the Parent applying the average weighted price method (for the stock of raw materials) or FIFO (for the remainder of the stocks).

Part of the inventories, and fundamentally some of the supply management inventories, have a turnover of more than 12 months. However, the Group has been keeping all of its inventories in Current Assets, in keeping with their productive cycle.

The cost price of inventories is subject to valuation adjustments in those cases in which their cost exceeds their net realizable value. For these purposes, net realizable value is understood to be:

- For raw materials and other supplies, their replenishment price. The Group does not recognize the valuation adjustment in those cases in which it expects that the finished products into which the raw materials and other supplies are incorporated are going to be disposed of for a value greater than or equal to their production cost.
- For commodities and finished products, their estimated sales price, minus the necessary sales costs.
- For products in progress, the estimated sales price of the corresponding finished products, minus the estimated costs required to complete their production and the sales-related costs.

The previously recorded valuation adjustment reverts against results, if the circumstances that caused the diminished value no longer exist or when there is clear evidence of an increase in the net realizable value as a result of a change in the economic circumstances. The limit of the reversion of the valuation adjustment is the lower of the cost and the new net realizable value of the inventories.

5.12. CASH & CASH EQUIVALENTS

This heading includes cash in hand, current bank accounts and temporary deposits and acquisitions of assets that meet all the following requirements:

- They are convertible into cash.
- Their maturity was not more than three months at the time of acquisition.
- They are not subject to a significant change of value risk.
- They form part of the normal treasury management policy of the Company.

For purposes of the Cash Flow Statement, the occasional overdrafts resulting from the Company's cash management are included as less cash and other cash equivalents.

This heading does not include the so-called "Inter-SEPI" investments (see Note 23).

5.13. TRANSACTIONS IN FOREIGN CURRENCY

The foreign currency transactions undertaken by the Group mostly correspond to capital resources defined as monetary items. These are initially appraised at the exchange rate on the date on which the transactions are made. The balance sheet totals corresponding to these items are adjusted at year's end on the basis of the current exchange on that date.

Both the foreign currency exchange profits and losses originating in this process, as well as those resulting from liquidation of these capital resources, will be recorded in the consolidated profit and loss account of the year in which they occur.

5.14. CORPORATE INCOME TAX

The year's income tax expense is calculated with the sum of the current tax, which results from applying the corresponding taxation rate to the year's taxable income minus the existing deductions and allowances, and the variations occurring during that year in the recorded deferred tax assets and liabilities. It is recorded in the profit and loss account, except when it corresponds to transactions that are directly recorded in the net worth, in which case the corresponding tax is also recorded in net worth.

Deferred taxes are recorded for the temporary differences existing on the balance sheet date between the tax base of the assets and liabilities and their book values. The tax base of a capital resource is considered to be the amount attributed to it for tax purposes.

The tax effect of the temporary differences is included in the corresponding balance sheet headings "Deferred Tax Assets" and Deferred Tax Liabilities".

A deferred tax liability is recognized for all the taxable temporary differences, subject to the exceptions, if any, provided in current legislation.

Deferred tax assets are recognized for all the deductible temporary differences, unused tax credits and negative taxable bases still to be compensated, if it is likely that the Group is going to obtain future tax gains that enable the application of these assets, subject to the exceptions, if any, provided in current legislation.

On each year's closure date, the recorded deferred tax assets and those that have not been previously recognized are reviewed. Based on this review, a previously recorded asset is written off the books if its recovery is no longer likely, or this is foreseen in a period over ten years, or if any previously unrecognized deferred tax asset is recorded, provided it is likely that future tax gains will be obtained that enable its application.

Deferred tax assets and liabilities are appraised at the tax rates expected at the time of their reversion, according to current legislation and in accordance with the way in which it is rationally expected that the deferred tax asset or liability will be recovered or paid.

Deferred tax assets and liabilities are not deducted and they are classified as non-current assets and liabilities, regardless of the expected date of realization or liquidation.

5.15. INCOME FROM THE SALE OF GOODS OR SERVICES IS RECORDED AT THE FAIR VALUE OF THE COMPENSATION RECEIVED OR TO BE RECEIVED FROM THEM

Income from the sale of goods or services is recorded at the fair value of the compensation received or to be received from them. Discounts for upfront payment, volume or others are recorded as a reduction thereof.

Sales income

Income from the sale of goods is recorded when the Group:

- Has transferred to the buyer the significant risks and benefits inherent in ownership of the goods.
- Is no longer involved in the current management of the sold goods to the degree usually associated with ownership, nor does it retain effective control over them.
- The amount of the income and the costs incurred or to be incurred can be reliably appraised.
- It is probable that the financial profits associated with the sale will be received.

Provision of Services

Income earned from services rendered is recorded at the time the service is provided. If the service has still not been provided on the closure date, the amount of the costs incurred up to the date of book closure is recorded as current inventories (work in progress), as is the provision for value impairment, if any, if the costs incurred up to the date of book closure are greater than the expected amount of income.

In the case of service provisions whose end result cannot be reliably estimated, the income is only recognized up to the limit of the recorded expenses that are recoverable.

5.16. PROVISIONS AND CONTINGENCIES

Provisions are recognized when the Group has a current obligation, whether legal, contractual, implicit or tacit, as a result of a past event, it is likely that resources incorporating future financial profits will be used to cancel such obligation, and a reliable estimate of the amount of the obligation can be made.

The amounts recorded in the consolidated balance sheet correspond to the best estimate on the closure date of the disbursements required to cancel the current obligation, once the risks and uncertainties related to the provision and, when significant, the financial effect caused by the discount have been considered, provided that the disbursements to be made in each period can be reliably determined. The discount rate is determined before taxes, considering the temporary monetary value, as well as the specific risks that have not been considered in the future flows related to the provision.

The financial effect of the provisions is recorded as financing costs in the consolidated profit and loss account.

Provisions revert against results when it is not likely that resources will be used to cancel such obligation.

Restructuring provisions

The provisions related to restructuring processes are recorded at the time that a formal detailed plan exists and there are valid expectations among the affected personnel that a rescission of the labor relation will occur, either because execution of the plan has begun or else because its main features have been announced.

The restructuring provisions only include the disbursements directly related to the restructuring that are not associated with the Group's going concerns.

Dismantling, reclamation and similar provisions

The provisions referred to in this section are recorded in keeping with the general criteria for recognizing provisions, and they are recorded as the greater cost price of the tangible fixed asset items to which they are related when they arise from the acquisition or construction thereof, provided the asset on which they are recorded has not reached the end of its useful life (see section 5.6).

Variations in the provision stemming from changes in the amount, in the time structure of disbursements or in the discount rate used to determine the present value of the asset increase or decrease the cost price of the fixed assets, with the limit of their book value, and the excess is recorded in the consolidated profit and loss account.

Changes in the amount of the provision that become apparent at the end of the useful life of the fixed asset are recorded in the consolidated profit and loss account as they occur.

The Company has been making the necessary provisions to cover the costs of reclaiming the natural space around mining operations, in accordance with the provisions of Royal Decree 2994/1982 of October 15, as well as to cover the costs of cessation of business and closure of the industrial installations in Juzbado and mining installations in Saelices el Chico.

The provisions for mining installation reclamation include the estimate of the income from ENRESA for its contribution to these reclamation projects, according to the agreements reached between the parties.

Also included are other provisions to meet probable or certain liabilities originating in risks and expenses stemming from execution of the activity, and which are certain or likely to occur but are indeterminate in terms of their exact amount or the date on which they will occur.

5.17. CAPITAL RESOURCES OF AN ENVIRONMENTAL NATURE

The Group companies undertake operations whose main purpose is to prevent, reduce or repair any damages to the environment that may result from their activities. These activities currently focus on the reclamation and closure of the Saelices mining installations and the future costs of dismantling the Juzbado fuel assembly factory, both belonging to the parent Company.

The costs resulting from environmental activities are recorded as "Other operating expenses" under the item "environmental expenses" in the year they are incurred.

Those items that are likely to be incorporated into the Group's equity for use in its business on a long-lasting basis and whose primary purpose is to minimize the environmental impact and protect and improve the environment, including the reduction or elimination of future contamination by Group operations, are entered as tangible fixed assets, in keeping with the valuation rules indicated in Note 5.6 of this consolidated annual report.

The Group also sets up provisions to pay for environmental activities. Those compensations to be collected by the Company, if any, in relation to the origin of the environmental obligation are recorded as rights to payment in the balance sheet Assets, provided there Those compensations to be collected by the Group, if any, in relation to the origin of the environmental obligation are recorded as rights to payment in the consolidated balance sheet Assets, provided there are no doubts that this reimbursement will be received, without exceeding the amount of the recorded obligation.

5.18. PERSONNEL COSTS

In accordance with the labor laws in effect, the companies making up the Group are required to pay compensations to those employees with whom, under certain conditions, it rescinds their employment relations. The compensations for dismissal susceptible of fair quantification are recorded as an expense of the year in which there is a valid expectation created against the affected third parties.

The Group records the expected cost of short-term remunerations in the form of paid leaves, the rights to which are accrued by the employees as they provide the services that entitle them to such leaves. In addition, the Group records the expected cost of variable remunerations for workers when there is a current, legal or implicit obligation resulting from past events and the value of the obligation can be reliably estimated.

5.19. SUBSIDIES

Subsidies, donations and legacies are entered as income and expenditure in net worth when the official grant, if necessary, is obtained and the conditions for granting them have been met, and there are no reasonable doubts about the reception thereof.

Subsidies received to finance specific expenses are charged to results in the year in which they are granted, as these correspond to costs incurred in the same year.

5.20. BUSINESS MERGERS

In business mergers originating in the acquisition of shares or investments in a company's capital, the affected group company records the investment at cost, which will be equal to the fair value of the compensation made plus the transaction costs directly attributable to it.

5.21. OPERATIONS WITH GROUP COMPANIES EXCLUDED FROM THE CONSOLIDATION EXERCISE

The transactions between group companies excluded from the consolidation exercise are recorded by the fair value of the compensation made or received. The difference between this value and the agreed amount is recorded in accordance with the underlying financial asset.

5.22. NON-CURRENT ASSETS AND DISPOSABLE GROUPS OF ITEMS HELD FOR SALE

The heading "Non-Current Assets Held for Sale" of the consolidated balance sheet includes the assets whose book value is going to be essentially recovered through a sales transaction instead of by continued use. To classify non-current assets or disposable groups of items as held for sale, they must be available, in their current condition, for immediate disposal, subject exclusively to the usual and regular terms of a sales transaction, and write-off of the asset must also be considered as highly probable.

Non-current assets or disposable groups of items classified as held for sale are not amortized, and they are appraised by the lower of their book value and fair value, minus the sales costs.

There is no liability linked to the "Non-Current Assets Held for Sale".

5.23. CLASSIFICATION OF ASSETS AND LIABILITIES IN CURRENT AND NON-CURRENT

The Group presents the consolidated balance sheet with assets and liabilities classified as current and non-current. To this end, current assets and liabilities are those that meet the following criteria:

- Assets are classified as current when they are expected to be realized or they are intended to be sold or consumed in the course of the Group's normal operating cycle, they are held primarily for trading purposes, they are expected to be realized within a period of twelve months following the closure date, or the assets are cash or cash equivalents, except in those cases in which they cannot be exchanged or used to cancel a liability, at least during the twelve months following the closure date.
- Liabilities are classified as current when they are expected to be liquidated in the course of the Group's normal operating cycle, they are held primarily for trading purposes, they must be liquidated within a period of twelve months following the closure date, or the Group does not have the unconditional right to defer cancellation of the liabilities during the twelve months following the closure date.
- Financial liabilities are classified as current when they should be liquidated within the twelve months following the closure date, even though the original term is a period greater than twelve months and there is a long-term payment refinancing or restructuring agreement that has concluded after the closure date and before the annual accounts are prepared.

5.24. STATEMENT OF CONSOLIDATED CASH FLOWS

The statement of consolidated cash flows has been prepared using the indirect method and makes use of the following expressions, with the following meanings:

- Operating activities: activities which constitute the ordinary income of the company, as well as other activities which cannot be classified as investing or financing activities.
- Investing activities: activities of acquisition, sale or disposal or other means of disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: activities which produce changes in the size and composition of the net worth and of liabilities which are not part of operating activities.

6. Minority Interests

The movement of minority interests during 2018 and 2017 is as follows:

Thousands of euros

FINANCIAL YEAR 2018	Balance at 31.12.17	Results	Subsidies	Dividends (complementory)	Variation in investment	Balance at 31.12.18
Subgroup Emgrisa	74	1	1	-	-	76
TOTAL	**74**	**1**	**1**	**-**	**-**	**76**

Thousands of euros

FINANCIAL YEAR 2017	Balance at 31.12.16	Results	Subsidies	Dividends (complementory)	Variation in investment	Balance at 31.12.17
Subgroup Emgrisa	76	(2)	-	-	-	74
TOTAL	**76**	**(2)**	**-**	**-**	**-**	**74**

The composition of the minority interests' balance at 31 December 2018 and 2017 is as follows:

Thousands of euros

FINANCIAL YEAR 2018	Capital	Reserves	Results	Subsidies	Balance at 31.12.18
Subgroup Emgrisa	30	26	1	19	76
TOTAL	**30**	**26**	**1**	**19**	**76**

Thousands of euros

FINANCIAL YEAR 2017	Capital	Reserves	Results	Subsidies	Balance at 31.12.17
Subgroup Emgrisa	30	26	(2)	20	74
TOTAL	**30**	**26**	**(2)**	**20**	**74**

7. Investments in Equated Companies

The breakdown of the movement recorded during financial years 2018 and 2017 of the investments in companies consolidated by the equating method is as follows:

Thousands of euros

FINANCIAL YEAR 2018	Balance at 31.12.2017	Result adjustments 2017	Value change adjustments & subsidies	Year-End P&L	Distributed dividends	Balance at 31.12.2018
GNF ENUSA NUCLEAR FUEL, S.A. (*)	313	32	-	67	(164)	248
ENUSA-ENSA, A.I.E. (*)	193	-	(7)	196	(165)	217
SPANISH NUCLEAR GROUP FOR COOPERATION A.I.E. (*)	17	-	-	4	-	21
CETRANSA, S.A. (**)	2,144	3	-	158	(82)	2,223
REMESA, S.A. (**)	7,427	383	-	239	(326)	7,723
TOTAL	**10,094**	**418**	**(7)**	**664**	**(737)**	**10,432**

(*) Companies invested directly by ENUSA.
(**) Companies invested indirectly through Emgrisa

Thousands of euros

FINANCIAL YEAR 2017	Balance at 31.12.2016	Result adjustments 2017	Value change adjustments & subsidies	Year-End P&L	Distributed dividends	Balance at 31.12.2017
GNF ENUSA NUCLEAR FUEL, S.A. (*)	289	(23)	-	132	(85)	313
ENUSA-ENSA, A.I.E. (*)	280	-	(129)	165	(123)	193
SPANISH NUCLEAR GROUP FOR COOPERATION A.I.E. (*)	14	-	-	3	-	17
CETRANSA, S.A. (**)	2,971	-	-	162	(989)	2,144
REMESA, S.A. (**)	7,199	(2)	(1)	341	(110)	7,427
TOTAL	**10,753**	**(25)**	**(130)**	**803**	**(1,307)**	**10,094**

(*) Companies invested directly by ENUSA. In 2017 the company name of ENUSA-ENWESA, A.I.E was changed to ENUSA-ENSA, A.I.E. was unanimously approved by the shareholders' meeting.
(**) Companies invested indirectly through Emgrisa.

The above tables show the movements of the multi-group and associated companies (see Note 2).

8. Joint Ventures

The parent Company undertakes certain projects jointly with other companies by setting up Temporary Joint Ventures (UTEs). The list of UTEs in which ENUSA has participated throughout 2018 and 2017, as well as the percentage of its share, is as follows:

- Tecnatom-Westinghouse-ENUSA, UTE: Tecnatom, S.A., Westinghouse Technology Services, S.A. and ENUSA Industrias Avanzadas, S.A., with a share of 33.33%.
- In addition, as a result of the merger with Teconma which took place in 2013, ENUSA has become a partner of the UTE "ENUSA Industrias Avanzadas, S.A., S.M.E., Fobesa Valoración de Residuos, S.L.U, S.A. and A2A Ambiente S.p.A. Unión Temporal de Empresas", with a percentage of ownership of 85.6859%.

The amounts corresponding to each joint venture of the most significant items of the balance sheet and consolidated P&L account at 31 December 2018 and 2017 are as follows:

Thousands of euros

FINANCIAL YEAR 2018	UTE RSU	Tecnatom-Westinghouse-ENUSA, UTE
ASSET		
Intangible Fixed Assets	34,185	-
Tangible Fixed Assets	35	-
Long-term financial investments	2,567	-
Trade debtors & other accounts receivable	1,522	1,790
Short-term accruals		
Treasury	4,873	744
LIABILITY		
Value change adjustments	(3,521)	-
Long-term provisions	4,952	-
Long-term debts	22,205	-
Short-term provisions	308	-
Short-term debts	11,059	-
Trade creditors and other accounts payable	679	2,493
PROFIT AND LOSS		
The net amounts of turnover	7,780	3,475
Supplies	(1,444)	(3,468)
Other Operating Income		
Personnel expenses	(414)	-
Other operating expenses	(2,211)	-
Fixed asset amortization	(2,149)	-
Other results	(3)	(4)
Capitalization of financing costs	655	-
Financial expenses	(1,782)	-
YEAR-END P&L	**432**	**3**

Thousands of euros

FINANCIAL YEAR 2017	UTE RSU	Tecnatom-Westinghouse-ENUSA, UTE
ASSET		
Intangible Fixed Assets	34,303	-
Tangible Fixed Assets	51	-
Long-term financial investments	2,546	-
Trade debtors & other accounts receivable	2,941	1,277
Short-term accruals	12	-
Treasury	2,928	238
LIABILITY		
Value change adjustments	(3,804)	-
Long-term provisions	4,080	-
Long-term debts	23,990	-
Short-term debts	9,788	-
Trade creditors and other accounts payable	573	1,482
PROFIT AND LOSS		
The net amounts of turnover	7,850	3,149
Supplies	(1,428)	(3,141)
Personnel expenses	(406)	-
Other operating expenses	(2,202)	-
Fixed asset amortization	(2,053)	-
Excess provisions	382	-
Other results	148	-
Capitalization of financing costs	782	-
Financial expenses	(1,988)	-
YEAR-END P&L	**1,085**	**8**

9. Tangible Fixed Assets

The analysis and breakdown of the balance sheet items included in this heading in 2018 and 2017 are as follows:

Thousands of euros

FINANCIAL YEAR 2018 Concept	Balance at 31.12.2017	Inflows	Outflows	Other	Transfer	Balance at 31.12.2018
COST						
Properties and natural assets	3,528	-	-	-	-	3,528
Constructions	67,235	48	(1)	-	482	67,764
Technical installations, machinery & tools	72,328	1,394	(52)	-	2,411	76,081
Other installations	26,294	862	-	-	246	27,402
Data processing equipment & furniture	9,533	218	(14)	-	(7)	9,730
Other tangible fixed assets	14,897	1,143	(1)	-	885	16,924
Advances and fixed assets under construction	5,603	1,691	(47)	-	(4,018)	3,229
TOTAL	**199,418**	**5,356**	**(115)**	**-**	**(1)**	**204,658**
AMORTIZATIONS						
Constructions	(50,712)	(962)	-	-	-	(51,674)
Technical installations, machinery & tools	(63,137)	(1,788)	51	-	-	(64,874)
Other installations	(19,022)	(1,344)	-	-	-	(20,366)
Data processing equipment & furniture	(8,452)	(307)	17	-	-	(8,742)
Other tangible fixed assets	(11,695)	(756)	1	-	-	(12,450)
TOTAL	**(153,018)**	**(5,157)**	**69**	**-**	**-**	**(158,106)**
VALUATION ADJUSTMENTS FOR DEPRECIATION						
Properties and constructions	(982)	-	-	-	-	(982)
Technical installations, machinery & tools	(1,076)	-	-	-	-	(1,076)
Other installations	(79)	-	-	-	-	(79)
Data processing equipment & furniture	9	-	-	-	-	9
Other tangible fixed assets	3	-	-	-	-	3
TOTAL	**(2,125)**	**-**	**-**	**-**	**-**	**(2,125)**
TANGIBLE FIXED ASSETS	**44,275**	**199**	**(46)**	**-**	**(1)**	**44,427**

Thousands of euros

FINANCIAL YEAR 2017

Concept	Balance at 31.12.2016	Inflows	Outflows	Other	Transfer	Balance at 31.12.2017
COST						
Properties and natural assets	3,370	-	-	(10)	168	3,528
Constructions	65,156	42	(149)	(60)	2,246	67,235
Technical installations, machinery & tools	70,838	1,331	(6)	-	165	72,328
Other installations	23,962	655	(175)	-	1,852	26,294
Data processing equipment & furniture	8,852	248	(130)	-	563	9,533
Other tangible fixed assets	15,352	401	(890)	-	34	14,897
Advances and fixed assets under construction	5,083	5,071	-	-	(4,551)	5,603
TOTAL	**192,613**	**7,748**	**(1,350)**	**(70)**	477	**199,418**
AMORTIZATIONS						
Constructions	(49,338)	(1,393)	2	17	-	(50,712)
Technical installations, machinery & tools	(61,702)	(1,442)	7	-	-	(63,137)
Other installations	(17,935)	(1,216)	129	-	-	(19,022)
Data processing equipment & furniture	(8,275)	(286)	109	-	-	(8,452)
Other tangible fixed assets	(11,675)	(746)	726	-	-	(11,695)
TOTAL	**(148,925)**	**(5,083)**	**973**	**17**	-	**(153,018)**
VALUATION ADJUSTMENTS FOR DEPRECIATION						
Properties and constructions	(1,014)	-	32	-	-	(982)
Technical installations, machinery & tools	(1,076)	-	-	-	-	(1,076)
Other installations	(84)	-	5	-	-	(79)
Data processing equipment & furniture	(2)	-	11	-	-	9
Other tangible fixed assets	-	-	3	-	-	3
TOTAL	**(2,176)**	**-**	**51**	**-**	-	**(2,125)**
TANGIBLE FIXED ASSETS	**41,512**	**2,665**	**(326)**	**(53)**	**477**	**44,275**

There have been no changes in the year in the estimate of loss of value of the treatment plant of polluted soil due to thermal desorption that the affiliate company Emgrisa has, or of the biogas electrical energy generation plant of the Parent Company.

The most relevant investments made by the Group in financial year 2018 corresponding to the parent Company, amounting to 4,209 thousand Euros, were for, in the Juzbado factory, the acquisition of a source of californium for the active scanner, to the cost of construction of the new passive scanner, to the acquisition of a ventilation and air conditioning/heating system and the adaptation of the physical protection network; the modification of furnaces, machinery for inspection in nuclear power plants and the construction of a plant for the manufacturing of technosols.

The most relevant investments made by the Group in financial year 2017, amounting to 7,406 thousand Euros, were for the remodelling of the new offices in Madrid; in the Juzbado factory, for the acquisition of a ventilation and air conditioning/heating system and to the cost of construction of the new passive scanner, the acquisition of a source of californium for the active scanner, and the adaptation of the physical protection network; and in Saelices for the construction of a plant for the manufacturing of technosols; all of this in the Parent Company.

The net transfers received in the year 2017 amounting to 477 thousand Euros came from the Intangible Fixed Assets, in the amount of 6 thousand Euros (see note 10) and from Non-Current Assets held for sale, in the amount of 471 thousand Euros (see note 21).

The book transactions for asset item revaluation, carried out by virtue of RDL 7/1996 in financial years 2018 and 2017, were as follows:

	Thousands of euros						
Concept	Balance at 31.12.2016	Inflows	Outflows	Balance at 31.12.2017	Inflows	Outflows	Balance at 31.12.2018
COST							
Properties and constructions	6,120	-	-	6,120	-	-	6,120
Technical installations and other tangible fixed assets	892	-	-	892	-	-	892
TOTAL	**7,012**	**-**	**-**	**7,012**	**-**	**-**	**7,012**
AMORTIZATIONS							
Properties and constructions	(5,156)	(245)	-	(5,401)	(144)	-	(5,545)
Technical installations and other tangible fixed assets	(892)	-	-	(892)	-	-	(892)
TOTAL	**(6,048)**	**(245)**	**-**	**(6,293)**	**(144)**	**-**	**(6,437)**
TANGIBLE FIXED ASSETS	**964**	**(245)**	**-**	**719**	**(144)**	**-**	**575**

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The amortizations planned for financial year 2019 from the 1996 revaluation of the different asset items will amount to approximately 5 thousand Euros.

The non-operating tangible fixed assets at 31 December 2018 and 2017 correspond to land at the Saelices Work Center adjacent to the mining operations, whose net book value at 31 December 2018 and 2017, once the 848 thousand Euro value adjustment due to impairment is considered, amounts to 1,932 thousand Euros.

The amount of the assets in use of the tangible fixed assets amortized in full at 31 December 2018 and 2017 is as follows:

Thousands of euros

	2018	2017
Constructions	46,829	21,590
Technical installations, machinery & tools	57,579	56,598
Other installations	14,526	14,339
Data processing equipment & furniture	7,723	7,536
Other tangible fixed assets	8,345	7,832
	135,002	107,895

The firm investment commitments that have materialized in purchase orders in the Parent Company amount to approximately 1,087 thousand Euros as 31 December 2018 (1,960 thousand Euros as of 31 December 2017).

The Group has taken out insurance policies on equity risks with coverage that insures all capital assets and goods in full, as well as any possible claims that may be filed due to the conduct of its business, and the Group Administrators consider that these policies sufficiently cover the risks to which they are exposed.

10. Intangible Fixed Assets

The breakdown and activity of this heading in 2018 and 2017 are shown below:

Thousands of euros

FINANCIAL YEAR 2018 Concept	Balance at 31.12.2017	Inflows	Outflows	Other	Transfer	Balance at 31.12.2018
COST						
Research	334	-	-	-	-	334
Patents, licenses, brands & similar	2,245	2	-	-	-	2,247
Computer applications	6,016	262	-	-	79	6,357
Other intangible fixed assets (Concession agreements)	46,388	2,016	-	-	-	48,404
Other intangible fixed assets	124	130	(9)	-	(79)	166
TOTAL	**55,107**	**2,410**	**(9)**	**-**	**-**	**57,508**
AMORTIZATIONS						
Research	(334)	-	-	-	-	(334)
Patents, licenses, brands & similar	(2,242)	(2)	-	-	-	(2,244)
Computer applications	(5,602)	(220)	-	-	-	(5,822)
Other intangible fixed assets (Concession agreements)	(12,086)	(2,133)	-	-	-	(14,219)
Other intangible fixed assets	(88)	-	-	-	-	(88)
TOTAL	**(20,352)**	**(2,355)**	**-**	**-**	**-**	**(22,707)**
ACCRUED AMOUNT OF THE VALUE CORRECTIONS FOR DEPRECIATION						
Patents, licenses, brands & similar	(2)	-	-	-	-	(2)
Computer applications	-	-	-	-	-	-
TOTAL	**(2)**		**-**	**-**	**-**	**(2)**
INTANGIBLE FIXED ASSETS	**34,753**	**55**	**(9)**	**-**	**-**	**34,799**

Thousands of euros

FINANCIAL YEAR 2017

Concept	Balance at 31.12.2016	Inflows	Outflows	Other	Transfer	Balance at 31.12.2017
COST						
Research	334	-	-	-	-	334
Patents, licenses, brands & similar	2,245	-	-	-	-	2,245
Computer applications	5,761	145	-	-	110	6,016
Other intangible fixed assets (Concession agreements)	46,661	784	-	(1,057)	-	46,388
Other intangible fixed assets	204	36	-	-	(116)	124
TOTAL	**55,205**	**965**	**-**	**(1,057)**	**(6)**	**55,107**
AMORTIZATIONS						
Research	(334)	-	-	-	-	(334)
Patents, licenses, brands & similar	(2,242)	-	-	-	-	(2,242)
Computer applications	(5,416)	(185)	-	(1)	-	(5,602)
Other intangible fixed assets (Concession agreements)	(10,233)	(2,037)	159	25	-	(12,086)
Other intangible fixed assets	(88)	-	-	-	-	(88)
TOTAL	**(18,313)**	**(2,222)**	**159**	**24**	**-**	**(20,352)**
ACCRUED AMOUNT OF THE VALUE CORRECTIONS FOR DEPRECIATION						
Patents, licenses, brands & similar	-	-	-	(2)	-	(2)
Computer applications	(1)	-	-	1	-	-
TOTAL	**(1)**	**-**	**-**	**(1)**	**-**	**(2)**
INTANGIBLE FIXED ASSETS	**36,891**	**(1,257)**	**159**	**(1,034)**	**(6)**	**34,753**

The most significant transactions performed in financial year 2018 were recorded under the heading "Other Intangible Fixed Assets (Concession Agreements)", with additions relating to the capitalisation of finance costs amounting to 655 thousand Euros (in 2017: 784 thousand Euros) and to those arising from the provision allocation for sealing and monitoring of the landfill site and for the construction of landfill cells, amounting to 1,315 thousand Euros. In addition, in 2017 there were variations reflected in "Other" (retirements amounting to 1,057 thousand Euros) relating to the adjustment of various provisions arising from the RSU joint venture (see note 17).

The amount of the assets in use of the intangible fixed assets amortized in full at 31 December 2018 and 2017 is as follows:

Thousands of euros

	2018	2017
Development	334	334
Patents, licenses, brands & similar	2,260	2,260
Computer applications	5,361	5,213
Other intangible fixed assets	88	88
	8,043	7,895

11. Leasing and Other Similar Operations

11.1. FINANCIAL LEASES

The assets that the Group has had subject to financial leasing arrangements during 2018 correspond in their totality to the invested company ETSA.

The book value of the assets subject to financial lease contracts is as follows:

Thousands of euros

FINANCIAL YEAR 2018	Cost	Accrued amortization	Valuation adjustment for value	Net book value
Constructions	259	(50)	-	209
	259	(50)	-	209

Thousands of euros

FINANCIAL YEAR 2017	Cost	Accrued amortization	Valuation adjustment for value	Net book value
Constructions	259	(45)	-	214
	259	(45)	-	214

The amount of minimum future payments for leasing, as well as their current value at the end of 2018 and 2017, is as follows:

Thousands of euros

FINANCIAL YEAR 2018	Up to 1 year	1 to 5 years	More than 5 years
Total minimum future payments for leasing	17	25	-
Minus: implicit interest	(1)	-	-
Current value at year's end	**16**	**25**	**-**

Thousands of euros

FINANCIAL YEAR 2017	Up to 1 year	1 to 5 years	More than 5 years
Total minimum future payments for leasing	17	4	-
Minus: implicit interest	(1)	(1)	-
Current value at year's end	**16**	**40**	**-**

11.2. OPERATING LEASES

During 2018, the Group has had assets subject to operating lease arrangements, accruing an expense during the year of 709 thousand Euros for this item (710 thousand Euros in 2017).

The breakdown by items of the Group's main operating lease contracts is as follows:

Thousands of euros

	2018	2017
Office, garage & industrial plant leasing	221	300
Vehicles	165	168
Machinery, office equipment & others	323	242
TOTAL	**709**	**710**

The operating lease contracts relate mainly to offices and a transport vehicle of the Emgrisa invested company, and contain non-cancelable minimum payments amounting to 234 thousand Euros as of 31 December 2018 (280 thousand Euros in 2017), even though the expected duration of the contract is longer. The breakdown of the future minimum payments of these non-cancelable operating leases is as follows:

Thousands of euros

	2018	2017
Up to 1 year	82	72
1 to 5 years	152	208
TOTAL	**234**	**280**

For the rest of the operating leases, there are no minimum future payments expected as all the leases are annually cancelable.

12. Financial Instruments

12.1. INFORMATION ON THE RELEVANCE OF FINANCIAL INSTRUMENTS TO THE GROUP'S FINANCIAL POSITION AND RESULTS

12.1.1. Balance sheet-related information

a) Categories of financial assets and liabilities.

The book value of the Group's various financial assets and liabilities at 31 December 2018 and 2017, based on their qualification, is as follows:

a.1) Financial Assets:

Thousands of euros

	CLASSES OF FINANCIAL ASSETS										TOTAL	
	long-term financial assets						Short-term financial assets					
	Financial investments		Loans, Derivatives and other		Long-term total		Loans, Derivatives and other		Short-term total			
Categories of financial assets	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Cash and other cash equivalents		-		-	**-**	**-**	7,485	3,956	**7,485**	**3,956**	**7,485**	**3,956**
Loans and accounts receivable		-	2,647	2,515	**2,647**	**2,515**	70,876	80,836	**70,876**	**80,836**	**73,523**	**83,351**
Assets available for sale - Appraised at cost	268	264		-	**268**	**264**	-	-	**-**	**-**	**268**	**264**
Hedge derivative		-	104	3	**104**	**3**	365	240	**365**	**240**	**469**	**243**
TOTAL	268	264	2,751	2,518	3,019	2,782	78,726	85,032	78,726	85,032	81,745	87,814

a.2) Financial Liabilities:

Thousands of euros

	CLASSES OF FINANCIAL LIABILITIES												TOTAL	
	Long-term financial liabilities						Shor-term financial liabilities							
	Bank loans		Trade creditors, derivatives and other		**Long-term total**		Bank loans		Trade creditors, derivatives and other		**Short-term total**			
Categories of financial liabilities	31/12/2018	31/12/2017	31/12/2018	31/12/2017	**31/12/2018**	**31/12/2017**	31/12/2018	31/12/2017	31/12/2018	31/12/2017	**31/12/2018**	**31/12/2017**	**31/12/2018**	**31/12/2017**
Debts and Accounts Payable	19,018	130,460	3,462	2,740	**22,480**	**133,200**	183,724	99,133	76,237	98,442	**259,961**	**197,575**	**282,441**	**330,775**
Hedge derivative	-	-	3,141	3,864	**3,141**	**3,864**	-	-	948	2,401	**948**	**2,401**	**4,089**	**6,265**
TOTAL	19,018	130,460	6,603	6,604	25,621	137,064	183,724	99,133	77,185	100,843	260,909	199,976	286,530	337,040

b) Classification by maturities

The breakdown by maturity date of the financial assets and liabilities with a determined or determinable maturity, at 31 December 2018 and 2017 is as follows (it does not include financial investments in companies of the group, multi-group and associated companies):

Thousands of euros

FINANCIAL YEAR 2018 FINANCIAL ASSETS	Short-term	Long-term					
	2019	2020	2021	2022	2023	Rest	Long-term total
Financial Investments (*)	-	-	-	-	-	268	**268**
Loans to Group companies (Note 23)	48,992	-	-	-	-	-	**-**
Third-party loans	423	-	-	-	-	-	**-**
Derivatives	365	27	-	7	41	29	**104**
Other financial assets	36	-	13	-	-	2,634	**2,647**
Trade debtors & other accounts receivable	21,425	-	-	-	-	-	**-**
Cash and other equivalent liquid assets	7,485	-	-	-	-	-	**-**
TOTAL	**78,726**	**27**	**13**	**7**	**41**	**2,931**	**3,019**

(*) Without specific maturity

Thousands of euros

FINANCIAL YEAR 2018 FINANCIAL LIABILITIES WITH A DETERMINED MATURITY	Short-term	Long-term					
	2019	2020	2021	2022	2023	Rest	Long-term total
Group and associated company accounts (Note 23)	552	556	547	544	-	836	**2,483**
Bank loans	183,708	1,638	1,705	1,716	1,886	12,048	**18,993**
Financial lease creditors	16	17	8	-	-	-	**25**
Derivatives	948	8	39	19	14	3,061	**3,141**
Other financial liabilities	2,169	128	171	120	120	440	**979**
Trade creditors and other accounts payable	73,516	-	-	-	-	-	**-**
TOTAL	**260,909**	**2,347**	**2,470**	**2,399**	**2,020**	**16,385**	**25,621**

Thousands of euros

FINANCIAL YEAR 2017
FINANCIAL ASSETS

	Short-term	Long-term					
	2018	2019	2020	2021	2022	Rest	Long-term total
Financial Investments (*)	-	-	-	-	-	264	**264**
Loans to Group companies (Note 23)	52,173	-	-	-	-	-	**-**
Other financial assets (Group companies)	600	-	-	-	-	-	**-**
Third-party loans	457	-	-	-	-	-	**-**
Derivatives	240	3	-	-	-	-	**3**
Other financial assets	58	-	2	-	-	2,513	**2,515**
Trade debtors & other accounts receivable	27,548	-	-	-	-	-	**-**
Cash and other equivalent liquid assets	3,956	-	-	-	-	-	**-**
TOTAL	**85,032**	**3**	**2**	**-**	**-**	**2,777**	**2,782**

(*) Without specific maturity

Thousands of euros

FINANCIAL YEAR 2017
FINANCIAL LIABILITIES WITH A DETERMINED MATURITY

	Short-term	Long-term					
	2018	2019	2020	2021	2022	Rest	Long-term total
Group and associated company accounts (Note 23)	1,098	561	561	561	-	338	**2,021**
Bank loans	99,117	111,443	1,633	1,700	1,711	13,932	**130,419**
Financial lease creditors	16	16	17	8	-	-	**41**
Derivatives	2,401	568	-	-	-	3,296	**3,864**
Other financial liabilities	2,184	112	122	131	45	309	**719**
Trade creditors and other accounts payable	95,160	-	-	-	-	-	**-**
TOTAL	**199,976**	**112,700**	**2,333**	**2,400**	**1,756**	**17,875**	**137,064**

The amount of bank loans, both long-term and short-term, mostly corresponds to loans made to the parent Company by various credit institutions for the purpose of financing the supply management, which includes the supply stocks.

Also included under this heading are the amounts corresponding to long-term bank financing for the investment in the urban solid waste treatment plant, managed through the UTE RSU (see Note 8). This financing materialized via the project-finance model. Its maximum limit is 33,000 thousand Euros and the balance available at 31 December 2018 (incorporated into ENUSA accounts at its percent share in the UTE RSU) is 20,488 thousand Euros (21,766 thousand Euros at 31 December 2017). Its clauses include the requirement that the borrower comply with certain financial ratios as of the beginning of the project exploitation period (2012). These ratios were being met at the end of this year and the previous year and no failure to comply with them is expected in the new twelve months.

The current interest rates are market interest rates.

c) Financial assets available for sale

These correspond to financial investments in companies that are not considered as group, multi-group or associated companies and which the Group does not plan to dispose of in the short term. Given that these Equity Instruments are not listed on any active market, they are assessed in the books at their cost minus the possible value impairment. The book value, at the closing of financial years 2018 and 2017, of these financial assets is as follows:

Thousands of euros

	2018	2017
Cetramesa	195	195
Sociedad Agraria de Transformación (participation UTE RSU)	73	69
	268	**264**

During the financial years 2018 and 2017, the Group did not receive dividends from these companies.

In 2017 non-listed shares were sold, whose book value was nil (their depreciation was recorded at 100% in previous years), thus a gain of 8,500 thousand Euros was recorded in the year.

d) Corrections for value impairment

The analysis of the transactions of the representative adjustment accounts for losses due to impairment originating in the credit risk (mainly of customers and sundry debtors) for 2018 and 2017 is as follows:

	Thousands of euros
Balance at 1 January 2017	**5,375**
Provisions	839
Reversions and applications	(94)
Balance at 31 December 2017	**6,120**
Provisions	767
Reversions and applications	(15)
Balance at 31 December 2018	**6,872**

The provision made in the financial year in the amount of 767 thousand Euros (839 thousand Euros in 2017) comes practically in its entirety from the amount provisioned in the UTE RSU (integrated in ENUSA at its investment percentage therein), with it corresponding to the estimate of the possible non-payment of part of the invoices issued (related to adjustments in the payment to receive for the management of the service, according to the financial conditions borne by the UTE RSU).

The reversion registered in the financial year, amounting to 15 thousand Euros is a result, basically, of excess provisions recorded in the subsidiary Emgrisa. In 2017 the reversion, amounting to 94 thousand Euros, was mainly the result of the reversion of excess provisions recorded in the RSU joint venture.

The amount of 737 thousand Euros recorded under the heading “Losses, Depreciation and Variation in Trading Provisions” in the consolidated P&L account for financial year 2018 results from net changes in provisions and reversals during the year, amounting to 752 thousand Euros, minus excess provisions for commercial operations amounting to 21 thousand Euros plus 6 thousand Euros in bad debts (in 2017, the total of 784 thousand Euros made up of a net provision for reversals amounting to 745 thousand Euros , plus a provision for commercial operations amounting to 20 thousand Euros and bad debts amounting to 19 thousand Euros).

12.1.2. Miscellaneous Information

a) Hedge Accounting

At 31 December 2018 and 2017, the Group had declared the following hedge derivative transactions:

- Interest rate swap operations in the parent Company and in another Group company, designated as derivative financial instrument for the interest rate risk existing on financial liabilities at amortized cost (long-term bank loans).
- Foreign currency purchase/sale operations with various entities, designated as hedging the exchange rate risk existing on highly probable planned transactions (payments to trade creditors).

All the operations meet the requirements contained in the reporting and valuation rule relative to hedge accounting, as each operation is individually documented for its designation as such and they are shown to be highly effective at both the prospective level, verifying that the expected changes in the cash flows of the hedged item that are attributable to the hedged risk will be almost completely offset by the expected changes in the cash flows of the derivative financial instrument, and at the retrospective level, on verifying that the hedge results have fluctuated within a range of variation of eighty to one hundred twenty-five percent with respect to the result of the hedged item.

The fair and notional values of the derivatives designated as derivative financial instruments, separated by class of hedge and in the years in which the cash flows are expected to occur, are as follows:

	Thousands of euros	Thousands in Foreign Currency Notional Amount				
FINANCIAL YEAR 2018	Fair Value at 31.12.2018	2019	2020	2021	Rest	Total
Assets						
Exchange insurance (2)	469	17,483	11,000	-	26,000	**54,483**
Liabilities						
Financial swaps on interest rates (1)	3,893	20,000	-	-	16,764	**36,764**
Exchange insurance (2)	146	4,996	-	12,000	5,000	**21,996**
Exchange insurance (3)	50	1,843	1,500	1,500	5,000	**9,843**

(1) Notional amount stated in thousands of Euros
(2) Notional amount stated in thousands of US Dollars
(3) Notional amount stated in thousands of Pounds Sterling

	Thousands of euros	Thousands in Foreign Currency Notional Amount				
FINANCIAL YEAR 2017	Fair Value at 31.12.2017	2018	2019	2020	Rest	Total
Assets						
Financial swaps on interest rates (1)	3	-	10,000	-		**10,000**
Exchange insurance (2)	240	4,000	-	-	-	**4,000**
Liabilities						
Financial swaps on interest rates (1)	4,469	20,000	10,000	-	17,899	**47,899**
Exchange insurance (2)	1,633	38,163	6,000	-	-	**44,163**
Exchange insurance (3)	163	1,315	-	-	-	**1,315**

(1) Notional amount stated in thousands of Euros
(2) Notional amount stated in thousands of US Dollars
(3) Notional amount stated in thousands of Pounds Sterling

The notional amount of the declared contracts does not represent the actual risk assumed by the Group companies in relation to these instruments. The fair value of the derivatives designated as derivative financial instruments is assimilated into the sum of the future cash flows originating in the instrument, deducted on the valuation date. In this respect, the Group uses the commonly accepted methodology and necessary market data to calculate fair value, further verifying that the fair value calculated for each transaction does not differ significantly from the market valuation provided by the entity with which it has contracted the corresponding transaction.

The fair value of these operations, net of taxes, has as balancing entry the heading "Net worth-Valuation adjustments-Cash flow hedges", incorporated into the Group's equity.

The activity recorded under the heading "Net worth-Valuation adjustments-Cash flow hedges" in 2018 and 2017 is as follows:

Thousands of euros

	2018	2017
Balance on 31 December of previous year (profits)/losses	**4,219**	**(528)**
Amounts recorded in Net Worth for change in fair value of hedging operations	(1,708)	5,313
Amount charged to the P&L account from net worth	(666)	973
- Supplies	102	1.830
- Other operating expenses	32	(10)
- Financial expenses	(801)	(846)
- Tangible fixed assets	1	(1)
Tax effect	595	(1,539)
Balance at 31 December current year (profits)/losses charged to net worth	**2,440**	**4,219**

b) Fair Value

The book value of the loans and accounts receivable assets, as well as debts and accounts payable, for both trade and non-trade operations is an acceptable approximation of their fair value.

c) Sundry Information

The Group has signed credit lines with short-term maturity with different financial institutions for a limit of 94,490 thousand Euros (95,490 thousand Euros as of 31 December 2017), of which at 31 December 2018, 71,570 thousand Euros (37,046 thousand Euros at 31 December 2017) had been drawn down.

The current interest rates on the credit lines are market interest rates.

12.2. INFORMATION ON THE NATURE AND LEVEL OF RISK OF FINANCIAL INSTRUMENTS

a) Credit Risk

The credit risk is produced by the possible loss caused by breach of the contractual obligations of the counterparts of the companies of the Group, that is, by the possibility of not recovering the financial assets at the book value and in the established period. In this regard, the exposure to the credit risk at 31 December is concentrated, basically, in the following items:

Thousands of euros

	2018	2017
Customers for sales and services	16,991	24,411
Loans to group and associated companies	48,992	52,173
TOTAL	**65,983**	**76,584**

With respect to the relative risk of accounts receivable from customers, it should be highlighted that the parent Company's main activities are based, on one hand, on the supply of enriched uranium to the electric utilities that own nuclear reactors and, on the other, on the manufacture and sale of fuel assemblies for nuclear-based electric power production. In this respect, the list of the Parent Company's main customers includes a leading group of large electric utilities of recognized solvency. The fuel supply and loading contracts signed with customers are long-term contracts with exact planning of dates and volumes to enable adequate management of the sales volumes and, accordingly, of the payment periods inherent therein. Both the supply and the manufacturing contracts provide for the reception of amounts by way of advances on future sales, which constitute an element of minimizing the possible risk. At 31 December 2018, the balance of advances on account received from customers by the parent Company, to be applied in 2019, is 43,710 thousand Euros (38,090 thousand Euros at 31 December 2017).

In reference to Loans to group and associated companies, these correspond to the so-called "Intersepi deposits". This is an instrument created by SEPI to optimize the management of its cash and that of its group of companies, through the intermediation of the supply and demand of cash surpluses. In this SEPI system, the corresponding intermediation operations are performed, acting as counterpart of both parts (fund-taking entities/fund-depositing entities). The placement of the cash surpluses of the Group companies through this mechanism is a priority option included in the "Regulating Rules of the Authorization and Supervision System of Acts and Operations of the SEPI Group".

b) Liquidity Risk

Prudent management of the liquidity risk means keeping sufficient cash on hand and having funding available through a sufficient amount of credit facilities. In this respect, the Group strategy is to maintain the necessary flexibility in financing through the availability of both long-term loans and short-term credit lines, such that all contingencies that directly affect the Group treasury are fully hedged.

c) Market Risk

- Interest rate risk. All the long-term debt of the parent Company finances the supply management, which includes the supply stocks whose financial burden is fully transferred to the sales price of the enriched uranium. Nevertheless, the parent Company has chosen to hedge the interest rate risks for a part of the long-term debt by contracting interest rate swaps. It has also chosen to hedge the interest rate risks for a part of the debt corresponding to financing the credit associated with the investment in the urban solid waste treatment plant undertaken by the UTE RSU (see Note 12.1.2.a).
- Exchange rate risks. The need to purchase fuel assembly supplies and components on the international market, as well as the sales to be made to foreign customers in their own currency, requires the parent Company to implement an exchange rate risk management The fundamental purpose is to mitigate the negative impact of fluctuating exchange rates on its P&L account, so that it can protect itself against adverse movements and take advantage of favourable evolution, as the case may be. In this respect, the parent Company uses the purchase/sale of foreign currencies on credit (exchange insurance) for risk management, thereby locking in a known exchange rate on a specific date for future payments; this rate can also be temporarily adjusted for adaptation and application to cash flows. The amount committed at year's end to this type of operations is itemized in note 12.1.2.a.

12.3. TOTAL EQUITY

The breakdown and activity of the consolidated total equity are shown in the statement of changes in the consolidated net worth corresponding to the years 2018 and 2017.

At 31 December 2018 and 2017 the Parent Company's share capital is fully paid for and is composed of 200,000 common bearer shares with a nominal value of 300.51 Euros each and with equal political and economic rights. The breakdown of the shareholders is as follows:

	% Share
- State Industrial Agency SEPI	60
- Centro de Investigaciones Energéticas, Medioambientales y Tecnológicas (CIEMAT)	40
	100

Provisions for the Legal Reserve of the parent Company have been made by applying 10% of the year's earnings. At 31 December 2018 and 2017, this reserve is constituted, reaching 20% of share capital. This reserve is not freely available and can only be used to offset losses, if no other reserves are available for this purpose, and to increase the share capital in the part of its balance that exceeds 10% of the already issued capital.

In financial year 2007, the existing balance in the Revaluation Reserve (Royal Decree-Law 7/1996 of June 7), amounting to 6,937 thousand Euros, was transferred to Voluntary Reserves (previous year Reserves and Results) as resolved by the Parent Company's General Shareholders' Meeting of 15 June. Of this figure, the amount corresponding to the quantities pending amortization of the revalued assets (see Note 9) are not available.

The rest of the Voluntary Reserves (under the heading "previous year Reserves and Results") is freely available at 31 December 2018 and 2017.

13. Inventories

The distribution of stocks of Raw Materials and other supplies at 31 December 2018 and 2017 is as follows:

Thousands of euros

	2018	2017
The supply management stocks	226,916	262,977
Other industrial activity stocks	24,723	25,082
Other supplies	12,208	11,545
TOTAL	**263,847**	**299,604**

The supply management stocks include, at 31 December 2018 and 2017, in the amount of 8,310 and 8,062 thousand Euros, respectively, in financing costs.

Additional Information on Inventories

The Finished products and Products in progress accounts, which are shown under the Inventories heading of the balance sheet assets, amounting to 6,413 and 7,154 thousand Euros at 31 December 2018 (6,600 and 14,544 thousand Euros at 31 December 2017) mostly correspond to the costs of the fuel assemblies pending delivery at year's end by the parent Company, and they are classified into one account or the other depending on whether or not they have been completely finished.

The Advances account shown under the Inventories heading of the Balance Sheet assets for 2,106 and 4,867 thousand Euros at 31 December 2018 and 2017, respectively, correspond mainly to advances to suppliers of industrial activities by the Parent Company.

The most important firm purchase commitments correspond to long-term contracts with foreign suppliers for the supply of the Parent Company's Supply Management, and they vary in amount; therefore their economic quantification is also variable.

As for the most important firm sales commitments, these are long-term contracts of the parent Company with electric utility customers for the sale of enriched uranium and refuellings.

Most of the inventories of the Supply Management are located outside the national territory because of the conversion and enrichment processes required before sale, which take place outside Spain.

There is no limitation whatsoever on inventories by way of guarantees, pledges, deposits or other similar items.

The Group has taken out insurance policies to cover possible damages that could occur to the uranium inventories in its warehouses, as well as all damages that could occur during transportation and shipping of concentrates and natural and enriched uranium and to the casks required for these transports by land, sea, air or a combination of these.

The breakdown of the value corrections due to impairment of products in progress and finished products in 2018 and 2017, recorded in the consolidated P&L account, is as follows:

	Thousands of euros
Balance on 1 January 2017	**2**
Provisions	-
Reversions	(2)
Balance on 31 December 2017	**-**
Provisions	91
Reversions	-
Balance on 31 December 2018	**91**

14. Foreign Currency

The breakdown of the amount of the asset and liability items denominated in foreign currency at 31 December 2018 and 2017 is:

Thousands of euros

FINANCIAL YEAR 2018	US Dollar equivalent value in Euros	Pound Sterling equivalent value in Euros	Other equivalent value in Euros	Total equivalent value in Euros
ASSETS DENOMINATED IN FOREIGN CURRENCY				
Derivatives	469	-	-	469
Fixed assets	-	-	3	3
Trade debtors & other accounts receivable	54	-	149	203
Advances to suppliers	1,621	-	-	1,621
Other assets	-	-	4	4
Other cash equivalents	6	5	45	56
TOTAL	2,150	5	201	2,356
LIABILITIES DENOMINATED IN FOREIGN CURRENCY				
Derivatives	84	112	-	196
Trade creditors and other accounts payable	1,862	7	71	1,940
TOTAL	1,946	119	71	2,136

Thousands of euros

FINANCIAL YEAR 2017	US Dollar equivalent value in Euros	Pound Sterling equivalent value in Euros	Other equivalent value in Euros	Total equivalent value in Euros
ASSETS DENOMINATED IN FOREIGN CURRENCY				
Derivatives	240	-	-	240
Trade debtors & other accounts receivable	36	-	125	161
Advances to suppliers	4,133	-	-	4,133
Other cash equivalents	4	6	96	106
TOTAL	4,413	6	221	4,640
LIABILITIES DENOMINATED IN FOREIGN CURRENCY				
Derivatives	1,633	163	-	1,796
Trade creditors and other accounts payable	1,920	400	77	2,397
TOTAL	3,553	563	77	4,193

The transactions carried out in foreign currency in 2018 and 2017 were:

Thousands of euros

FINANCIAL YEAR 2018	US Dollar equivalent value in Euros	Pound Sterling equivalent value in Euros	Other equivalent value in Euros	Total equivalent value in Euros
Services rendered	700	-	147	847
	700	-	147	847
Supplies	53,607	1,983	25	55,615
Outsourcing	2,313	120	85	2,518
	55,920	2,103	110	58,133

Thousands of euros

FINANCIAL YEAR 2017	US Dollar equivalent value in Euros	Pound Sterling equivalent value in Euros	Other equivalent value in Euros	Total equivalent value in Euros
Services rendered	-	-	244	244
	-	-	244	244
Supplies	77,201	2,483	1	79,685
Outsourcing	1,710	132	76	1,918
	78,911	2,615	77	81,603

The amount of the exchange differences recorded in the 2018 and 2017 P&L, classified by type of financial instrument, has been:

FINANCIAL YEAR 2018	Thousands of euros		
	Exchange differences recorded in the year's P&L (+) Profits (-) Losses		
	Transactions liquidated during the year	Transactions pending	Total
Class of Assets			
Derivatives	75	-	75
Trade debtors & other accounts receivable	12	(1)	11
TOTAL	**87**	**(1)**	**86**
Class of Liabilities			
Derivatives	122	-	122
Trade creditors and other accounts payable	(488)	208	(280)
TOTAL	**(366)**	**208**	**(158)**
NETO	**(279)**	**207**	**(72)**

FINANCIAL YEAR 2017	Thousands of euros		
	Exchange differences recorded in the year's P&L (+) Profits (-) Losses		
	Transactions liquidated during the year	Transactions pending	Total
Class of Assets			
Derivatives	(714)		(714)
Trade debtors & other accounts receivable	(6)	-	(6)
TOTAL	**(720)**	**-**	**(720)**
Class of Liabilities			
Derivatives	(98)	-	(98)
Trade creditors and other accounts payable	1,348	(116)	1,232
TOTAL	**1,250**	**(116)**	**1,134**
NET	**530**	**(116)**	**414**

15. Tax Position

The net amount calculated for 2018, amounting to -1,240 thousand Euros, is shown under the consolidated balance sheet headings "Current Tax Assets" amounting to 1,347 thousand Euros, and "Current Tax Liabilities" amounting to 107 thousand Euros.

The net amount calculated for 2017, amounting to -2,400 thousand Euros, is shown under the consolidated balance sheet headings "Current Tax Assets" amounting to 2,510 thousand Euros, and "Current Tax Liabilities" amounting to 110 thousand Euros.

Within the consolidated Profit and Loss account of financial year 2018, the amount related to the Corporate Income Tax involves an income of 516 thousand Euros (an expense amounting to 1,091 thousand Euros in 2017), with an after-tax result of 4,411 thousand Euros (12,303 miles de Euros in 2017).

The following tables show the reconciliation of the net amount of the year's Income and Ex-penses with the taxable base of the 2018 and 2017 Corporate Income Tax:

Thousands of euros

FINANCIAL YEAR 2018	P&L Account		Income and expenses directly allocated to equity		Reserves		Total
Balance of year's income and expenses	4,411	-	1,604	-	-	-	6,015
	Increases	Decreases	Increases	Decreases	Increases	Decreases	
Corporate Tax	(516)	-	536	-	-	-	20
Permanent differences	1,399	(1,840)	-	-	-	-	(441)
- Of the individual companies	252	(1,150)	-	-	-	-	(898)
- Of adjustments for consolidation	1,147	(690)	-	-	-	-	457
Temporary differences:	8,320	(3,332)	2,075	(4,215)	-	-	2,848
- With origin in the year	7,616	-	819	(2,528)	-	-	5,907
- With origin in the previous year	704	(3,332)	1,256	(1,687)	-	-	(3,059)
Offsetting of negative tax bases of previous years							
TAX BASE (FISCAL RESULT)							8,442

Thousands of euros

FINANCIAL YEAR 2017	P&L Account		Income and expenses directly allocated to equity		Reserves		Total
Balance of year's income and expenses	12,303	-	-	(4,532)	-	-	7,771
	Increases	Decreases	Increases	Decreases	Increases	Decreases	
Corporate Tax	1,091	-	-	(1,460)	-	-	(369)
Permanent differences	2,173	(11,064)	-	20	-	-	(8,871)
- Of the individual companies	419	(10,262)		20	-	-	(9,823)
- Of adjustments for consolidation	1,754	(802)	-	-	-	-	952
Temporary differences:	4,536	(8,376)	7,244	(1,272)	-	-	2,132
- With origin in the year	3,664	-	7,244	(1,272)	-	-	9,636
- With origin in the previous year	872	(8,376)	-	-	-	-	(7,504)
Offsetting of negative tax bases of previous years							
TAX BASE (FISCAL RESULT)							**663**

The most important permanent differences correspond to:

- Increases: This item includes, among others, the adjustment relating to donations and contributions under Law 49/2002, amounting to 68 thousand Euros, penalties and surcharges amounting to 2 thousand Euros, and imputations of taxable income from Joint Ventures and Economic Interest Groupings amounting to 174 thousand Euros, all of this by the Parent Company (in 2017, the adjustment corresponded to donations and contributions under Law 49/2002, amounting to 112 thousand Euros, penalties and surcharges amounting to 150 thousand Euros, and imputations of taxable bases from Joint Ventures and Economic Interest Groupings amounting to 156 thousand Euros, all of this by the Parent Company).
- Decreases: This item mainly includes the exemption from double taxation for dividends amounting to 739 thousand Euros by the Parent Company and 408 thousand Euros by the subsidiary Emgrisa (in 2017, the adjustment amounting to 8,500 thousand Euros corresponded to the accounting appreciation relating to the sale of the share recorded in note 8.1.1.c and to the exemption from double taxation amounting to 655 thousand Euros by the Parent Company, and to the same exemption amounting to 1,099 thousand Euros by the subsidiary Emgrisa).

The most significant temporary differences correspond to:

- Increases: These relate, on the one hand, to non-deductible provisions and expenses of the Parent Company amounting to 8,245 thousand Euros (4,289 thousand Euros in 2017), of which the most significant amounts relate to provisions for the restoration and closure of facilities amounting to 6,327 thousand Euros, and to depreciation of accounts receivable from public agencies amounting to 695 thousand Euros (in 2017, provisions for the restoration and closure of facilities amounting to 2,404 thousand Euros, and to depreciation of accounts receivable from public agencies amounting to 782 thousand Euros). On the other hand, they relate to the same items as the other Group companies, amounting to 75 thousand Euros (247 thousand Euros in 2017).
- Decreases: Application of provisions not related to tax expense in previous years, of which 2,161 thousand Euros correspond to expenses for the restoration and closure of facilities and 31 thousand Euros correspond to reversals of miscellaneous provisions, non-deductible at the time of allocation, all of this by the Parent Company (in 2017, application of provisions not related to tax expense in previous years, of which 1,506 thousand Euros corresponded to expenses for the restoration and closure of facilities, personnel obligations and restructuring, 2,522 thousand Euros corresponded to reversals of miscellaneous provisions, non-deductible at the time of allocation, and 3,154 thousand Euros corresponded to the deductibility of the depreciation of accounts receivable from public agencies recorded in previous years, once the corresponding legal proceedings were initiated, all of this by the Parent Company).

Below is the reconciliation between the income tax that would result from applying the general tax rate in effect to the Result before Consolidated Taxes and the expense recorded for the cited tax in the Consolidated Income Statement and its reconciliation with the payable tax of the Corporate Income Tax corresponding to financial years 2018 and 2017:

	Thousands of euros 31.12.2018
Result before Taxes	3,895
Permanent differences	(441)
Individual negative tax bases	-
Group negative tax bases	-
Adjusted earnings	3,454
Tax rate at 25.00%	864
Tax rate at 28% (for repurchase of group negative tax bases)	-
Deductions	(550)
Income tax	**314**
The negative adjustments in the profit tax	300
The positive adjustments in the profit tax	(1,128)
Expense/ (Income) for corporate income tax in P & L account	**(514)**

	Thousands of euros 31.12.2017
Result before Taxes	13,394
Permanent differences	(8,891)
Individual negative tax bases	-
Group negative tax bases	-
Adjusted earnings	4,503
Tax rate at 25.00%	1,126
Tax rate at 28% (for repurchase of group negative tax bases)	-
Deductions	(129)
Income tax	**997**
The negative adjustments in the profit tax	110
The positive adjustments in the profit tax	(16)
Expense/ (Income) for corporate income tax in P & L account	**1,091**

The tax deductions applied in 2018 correspond, basically, to deductions for research and development expenses, generated in previous years and not applied by the fiscal group to which the companies of the Group belonged. In 2017, they corresponded mainly to deductions for research and development expenses, generated in previous years and not applied by the fiscal group to which the companies of the Group belonged.

Negative adjustments to the taxable profit recorded in 2018 relate mainly to asset retirements due to deferred tax, maturing in more than 10 years, and to the non-activation of generated negative Tax Bases during the financial year.

Negative adjustments to the taxable profit recorded in 2017 related mainly to the higher amount of current tax corresponding to the previous financial year and to asset retirements due to deferred tax, maturing in more than 10 years, and to the non-activation of generated negative Tax Bases during the financial year.

The positive adjustments in the profit tax registered in 2018 correspond to the activation of deductions pending to be applied in the following financial years. The positive adjustments in the profit tax registered in 2017 corresponded to a lower deferred tax corresponding to the previous financial year.

Deferred taxes are recorded in the Consolidated Balance Sheet at 31 December 2018 and 2017, classified in the following accounts, according to their reversion period:

Thousand of euros

DEFERRED TAX ASSET:	31.12.2018	31.12.2017
Long-term deductible temporary differences	11,674	11,325
Long-term deductions pending to be applied	1,128	-
Short-term deductible temporary differences	1,855	1,835
TOTAL	**14,657**	**13,160**

Thousand of euros

DEFERRED TAX LIABILITY:	31.12.2018	31.12.2017
Long-term deductible temporary differences	2,219	2,440
Short-term deductible temporary differences	272	229
TOTAL	**2,491**	**2,669**

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The origin of the deferred taxes recorded in the year-end balance sheets of 2018 and 2017 is as follows:

Thousand of euros

DEFERRED TAX ASSETS ORIGINATING IN:	31.12.2018	31.12.2017
Financial hedges of the Parent Company	949	1,488
Deductions pending application of the Parent Company	1,128	-
Provisions of the Parent Company	11,497	10,376
Parent Company amortization limitation	615	717
Other provisions & expenses of affiliated companies	75	177
Affiliated company amortization limitation	49	58
Negative Tax Bases	344	344
TOTAL	14,657	13,160

Thousand of euros

DEFERRED TAX LIABILITIES ORIGINATING IN:	31.12.2018	31.12.2017
Financial hedges of the Parent Company	117	61
Unrestricted amortization of the Parent Company	662	821
Subsidies of the parent Company	60	118
Unrestricted amortization of affiliated companies	37	52
Financial leases of affiliated companies	3	4
Subsidies of affiliated companies	1,612	1,613
TOTAL	2,491	2,669

The transactions of the deferred tax headings of the consolidated Balance Sheet corresponding to 31 December 2018 and 2017 are as follows:

Thousand of euros

	Deferred tax asset	Deferred tax liability
Balance at 31.12.16	13,793	4,145
Generated in 2017	1,258	-
Recovered in 2017	(2,095)	(219)
Net variation in financial derivatives	(8)	(1,547)
Net variation in subsidies	-	78
Positive/Negative adjustments (Adjustment D.t. Asset by reversion to more than ten years)	212	212
Balance at 31.12.17	13,160	2,669
Generated in 2018	1,904	-
Recovered in 2018	(834)	(176)
Net variation in financial derivatives	(539)	56
Net variation in subsidies	-	(58)
Positive/Negative adjustments (Adjustment D.t. Asset by deductions pending to be applied)	1,128	-
Positive/Negative adjustments (Adjustment D.t. Asset by reversion to more than ten years)	(162)	-
Balance at 31.12.18	14,657	2,491

Up to the financial year 2015, for purposes of payment of the Corporate Income Tax, ENUSA and its subsidiaries was part of consolidated group no. 9/86, formed by the Sociedad Estatal de Participaciones Industriales and the companies based in Spanish territory that formed part of its consolidated financial group, pursuant to the provisions of Articles 42 and following of the Code of Commerce and in accordance with the provisions of Public Corporations Act 5/1996 of 10 January.

ENUSA and its subsidiaries were excluded from the aforementioned fiscal group with effect from financial year 2016, due to the fact that, as of this financial year, it was no longer possible to apply the special rule for the delimitation of the SEPI Tax Group provided for in Article 14.2 of its creation act (Law 5/1996, of 10 January, on the creation of certain public law entities), by virtue of which the fiscal group would be formed by SEPI itself and its companies resident in Spanish territory which would, in turn, form part of its financial group under the provisions of Article 42 of the Code of Commerce, until the debt generated by the Instituto Nacional de Industria (later SEPI) has been repaid in full. The amortisation of the above mentioned debt definitively took place at the end of the financial year 2015.

Therefore, from the cited tax period the rules of general delimitation were applicable, established in Chapter VI of Title VII of the Law 27/2014, of 27 November, the Corporate Income Tax Law (LIS), among which it is included that the parent Company shall have a direct or indirect investment of at least 75 percent of the share capital and shall own the majority of the voting rights on the first day of the tax period in which this system may be applicable.

Consequently, and since the direct investment of SEPI in the capital of ENUSA is 60%, it and its subsidiaries were excluded from the SEPI Fiscal Group, and are obliged to be taxed individually since financial year 2016.

As a result of the exclusion, and in accordance with Article 74 of the LIS, the excluded companies assumed the right to offset the negative tax bases and apply the tax deductions generated while they formed part of the Fiscal group that had not been applied by it, in the proportion in which they had contributed to its formation.

The detail of the tax bases and the tax deductions received and applied up to the current financial year is as follows:

Thousand of euros

	Incorporated after leaving the tax group	Applied in 2016	Applied in 2017	Applied in 2018	Pending to be applied
Tax bases	**2,595**	**826**	**-**	**-**	**1,769**
Deductions					
For internal double taxation	868	700	-	-	168
For research and development	7,341	422	72	390	6,457
For vocational training	82	-	-	16	66
For environmental protection	117	43	-	5	69
For exporting companies	143	-	-	23	120
For navigation and localization systems investment	5	5	-	-	-
For contributions to employment pension plans	272	-	-	43	229
For re-investment of extraordinary profit	357	3	-	2	352
For revereision of temporary measures	7	7	-	-	-
For contribution to non-profit entities	343	334	9	-	-
TOTAL DEDUCTIONS	9,535	1,514	81	479	7,461

When the aforementioned rights were included in 2016, the limited forecasts for application in the following financial year and the existing doubts as to the possibility of generating future tax-able profits that would allow for the capitalisation of a greater amount of deferred tax assets, and the application of the same to a longer term, led to the non-recording of any deferred tax Assets. At 2018 year-end, the Parent Company estimates, based on current forecasts of future taxable profit, that deductions amounting to 1,128 thousand Euros may be offset in upcoming financial years and, accordingly, it has created the corresponding deferred tax Asset.

Up to financial year 2015, the application of the consolidated taxation system meant that the individual credits and debits by way of the Corporate Income Tax were incorporated into the controlling enterprise (Sociedad Estatal de Participaciones Industriales), as well as the right to obtain compensation for the tax credits incorporated upon consolidation. As for the individual debit, each company had to pay the Sociedad Estatal de Participaciones Industriales for this tax.

Since financial year 2016 the balances corresponding to the current tax were generated directly by each company against the Tax Administration. However, the possibility of offsetting negative tax bases generated in previous years within the fiscal group entailed the obligation of repurchasing this tax credit from SEPI, generating the corresponding debt with it.

The years subject to inspection by the tax authorities in relation to the most significant taxes the parent Company and the subsidiaries must pay include the last four years. It is not expected that, in the event of an inspection, any further significant liabilities will arise.

16. Income and Expenses

The "Consumption of Merchandise and Consumption of Raw Materials and Other Consumables" item in the consolidated Profit & Loss Account is broken down as follows:

Thousand of euros

	2018	2017
Purchases	103,664	141,923
Variation in inventories	35,757	66,590
TOTAL	139,421	208,513

The breakdown of Group purchases on the national market and of imports in 2018 and 2017 is as follows:

Thousand of euros

	2018	2017
National purchases	3,235	3,511
Intra-community purchases	31,335	47,302
Imports	69,094	91,110
TOTAL	103,664	141,923

The net amounts of Group turnover by markets in 2018 and 2017 are as follows:

Thousand of euros

	2018	2017
National Market	204,739	267,149
Foreign Market	46,390	36,381
TOTAL	251,129	303,530

The breakdown of Social Charges in 2018 and 2017 is as follows:

Thousand of euros

	2018	2017
Social Security	8,251	8,180
Other social expenses	1,168	1,159
TOTAL	9,419	9,339

The breakdown of extraordinary results, included in the item "Other operating results", in 2018 and 2017 is as follows:

Thousand of euros

	2018	2017
Fiscal sanctions	-	150
Offices dismantling	26	-
Judicial claims	60	437
Claim expenses	37	58
Other extraordinary expenses	26	29
TOTAL EXPENSES	149	674

Thousand of euros

	2018	2017
Favorable sentences, refund of santions	-	1,064
Claim and refund income from insurance policies	172	462
Other extraordinary income	14	5
TOTAL INCOME	186	1,531

17. Provisions and Contingencies

The movement of the Provisions accounts during 2018 and 2017 has been as follows:

Thousand of euros

FINANCIAL YEAR 2018	Balance at 31.12.2017	Allocations and financial restatements	Applications and reversions	Transfers	Other	Balance at 31.12.2018
LONG-TERM PROVISIONS						
Long-term personnel obligations	14	-	-	-	-	14
Environmental activities (Note 18 c)	38,043	6,923	-	(2,361)	(521)	42,084
Restructuring provisions	364	1	(27)	-	-	338
Fuel assembly warranties and Central Services	9,229	276	(352)	-	-	9,153
Misc. provisions UTE RSU	4,079	1,523	(240)	(411)	-	4,951
TOTAL LONG-TERM PROVISIONS	**51,729**	**8,723**	**(619)**	**(2,772)**	**(521)**	**56,540**
SHORT-TERM PROVISIONS						
Environmental activities (Note 18 c)	4,703	-	(2,248)	2,361	-	4,816
Provisions for other Obligations	1,665	15	(468)	-	-	1,212
Misc. provisions UTE RSU	-	-	(103)	411	-	308
TOTAL SHORT-TERM PROVISIONS	**6,368**	**15**	**(2,819)**	**2,772**	**-**	**6,336**

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FINANCIAL YEAR 2017	Balance at 31.12.2016	Allocations and financial restatements	Applications and reversions	Transfers	Other	Balance at 31.12.2017
LONG-TERM PROVISIONS						
Long-term personnel obligations	14	-	-	-	-	14
Environmental activities (Note 18 c)	37,601	3,171	-	(2,023)	(706)	38,043
Restructuring provisions	362	2	-	-	-	364
Fuel assembly warranties and Central Services	9,558	65	(394)	-	-	9,229
Provisions for other Obligations	1,714	-	(1,714)	-	-	-
Misc. provisions UTE RSU	5,375	307	(572)	-	(1,031)	4,079
TOTAL LONG-TERM PROVISIONS	**54,624**	**3,545**	**(2,680)**	**(2,023)**	**(1,737)**	**51,729**
SHORT-TERM PROVISIONS						
Short-term personnel obligations	19		(19)	-	-	-
Environmental activities (Note 18 c)	4,095	-	(1,415)	2,023	-	4,703
Provisions for other Obligations	1,501	1,666	(1,502)	-	-	1,665
TOTAL SHORT-TERM PROVISIONS	**5,615**	**1,666**	**(2,936)**	**2,023**	**-**	**6,368**

The calculation of restructuring provisions in the parent Company is based on the expected annual payments for indemnities to personnel. The activity recorded in the financial year corresponds, basically, to its financial restatement.

As in previous years, fuel assembly warranty provisions are calculated on the basis of the useful life of refuellings and statistical data on failure rates in the fuel assemblies, the latter based on historical Company information and information from the technology suppliers. The provision allocation recorded in 2018 amounting to 276 thousand Euros (65 thousand Euros in 2017) is a result of the estimate made at the end of year.

The "Provisions for other Obligations" include, basically, those derived from lawsuits in which the Parent Company is involved. The most significant movements in the financial year correspond to allocations for new risks, amounting to 15 thousand Euros (1,646 thousand Euros in 2017), excesses for risks allocated in previous financial years amounting to 422 thousand Euros (1,767 thousand Euros in 2017) and allocations amounting to 46 thousand Euros (1,449 thousand Euros in 2017).

The Provisions of the UTE RSU mainly correspond to provisions regarding planned actions in relation to the infrastructure subject matter of operation (replacement of tangible fixed assets, landfill extension, security and surveillance thereof and the like).

The amount of the allocations and financial restatements corresponding to these provisions amounted to 1,523 thousand Euros (an amount integrated at the percentage of participation of the Parent Company in the joint venture). Within the provisions made in the financial year, the amount recorded against the corresponding fixed assets (sealing and monitoring of the landfill and construction of new cells therein) amounted to 1,315 thousand Euros (see note 10). The amount of the allocations and financial restatements corresponding to these provisions in 2017 was 307 thousand Euros (an amount integrated at the percentage of participation of the Company in the UTE). On the other hand, the amount collected as "Other" in the financial year 2017 corresponded to the adjustment in one of the provisions (in particular, the provision which includes higher costs due to expropriation of the land where the infrastructure is located) considering the possible cost to be borne by the UTE was lower than the initially estimated cost. Given that this provision was allocated, originally, against intangible fixed assets (higher value of the infrastructure) the adjustment is made against the same heading (see note 10).

The total of applications of provisions made in the financial year 2018 for the parent Company was the amount of 3,509 thousand Euros (4,153 thousand Euros in 2017), with these payments being reflected in the Consolidated Cash Flow Statement under the heading "Other Payments", within Other Cash Flows of the Consolidated Operating Activities.

The provision excesses recorded in the year 2018 also corresponded to the parent Company, amounting to 429 thousand Euros in 2018 (2,148 thousand Euros in 2017), corresponding, mainly, to reversions referring to lawsuit risks in the amount of 402 thousand Euros (1,714 thousand Euros for the reversal of fiscal risks in 2017).

18. Environmental Information

a) Assets Subject to Environmental Activities:

In relation to the nuclear fuel manufacturing business conducted in the facilities that the parent Company owns in Juzbado (Salamanca), it is not possible to determine an itemized description and value of the equipment and installations used for environmental protection and enhancement.

This is explained by the fact that it is a complex, specialized facility where it must be ensured that all processes conform to environmental regulations.

The parent Company closed its uranium concentrate production business at the end of 2002. Consequently, the value of the assets subject to mining operations is amortized almost in full, and the only activity carried out is the one corresponding to reclamation and decommissioning tasks.

The value of the most significant assets and installations assigned to these reclamation and decommissioning tasks, and which focus on environmental protection and enhancement, at 31 December 2018 and 2017 is as follows:

Thousand of euros

FINANCIAL YEAR 2018	Cost	Accrued amortization	Net book value
Constructions	7,877	7,315	562
Technical installations and other tangible fixed assets	6,021	5,400	621
TOTAL	**13,898**	**12,715**	**1,183**

Thousand of euros

FINANCIAL YEAR 2017	Cost	Accrued amortization	Net book value
Constructions	7,395	7,308	87
Technical installations and other tangible fixed assets	5,779	5,302	477
TOTAL	**13,174**	**12,610**	**564**

b) Environmental Expenses:

The breakdown of expenses accrued by the Group in financial years 2018 and 2017, the purpose of which has been environmental protection and enhancement, is as follows:

Thousand of euros

	2018	2017
Waste management expenses	23	20
Dismantling & reclamation of natural spaces	131	45
Environmental certifications	9	19
Environmental Audit	2	2
TOTAL EXPENSES	**165**	**86**

c) Provisions for Environmental Risks:

The breakdown of the main provisions established by the Group for environmental activities and their movement during 2018 and 2017 are as follows (see note 17):

Thousand of euros

FINANCIAL YEAR 2018	Balance at 31.12.2017	Allocations and financial restatements	Applications and reversions	Transfer	Other	Balance at 31.12.2018
Long-term reclamation & decommissioning of mining sites	27,576	6,326	-	(2,361)	-	31,541
Intermediate- & low-level solid waste management costs	8,112	473	-	-	-	8,585
The nuclear fuel factory dismantling costs	8,722	123	-	-	-	8,845
Fund Value Enresa	(6,459)	-	-	-	(521)	(6,980)
Dismantling of other equipment	92	1	-	-	-	93
TOTAL LONG-TERM PROVISIONS	**38,043**	**6,923**	**-**	**(2,361)**	**(521)**	**42,084**
Short-term reclamation & decommissioning of mining sites	4,703	-	(2,248)	2,361	-	4,816
TOTAL LONG-TERM AND SHORT-TERM PROVISIONS	42,746	6,923	(2,248)	-	(521)	46,900

Thousand of euros

FINANCIAL YEAR 2017	Balance at 31.12.2016	Allocations and financial restatements	Applications and reversions	Transfer	Other	Balance at 31.12.2017
Long-term reclamation & decommissioning of mining sites	27,177	2,422	-	(2,023)	-	27,576
Intermediate- & low-level solid waste management costs	7,771	397	(56)	-	-	8,112
The nuclear fuel factory dismantling costs	8,370	352	-	-	-	8,722
Fund Value Enresa	(5,809)	-	56	-	(706)	(6,459)
Dismantling of other equipment	92	-	-	-	-	92
TOTAL LONG-TERM PROVISIONS	**37,601**	**3,171**	**-**	**(2,023)**	**(706)**	**38,043**
Short-term reclamation & decommissioning of mining sites	4,095	-	(1,415)	2,023	-	4,703
TOTAL LONG-TERM AND SHORT-TERM PROVISIONS	41,696	3,171	(1,415)	-	(706)	42,746

As in previous years, the provisions for environmental activities have been calculated on the basis of the amounts planned for dismantling and retiring installations, restated at a discount rate of assets not at risk, in a period similar to that of future payments.

The purpose of the provision for reclamation and decommissioning of mining sites is to complete the work of reclaiming natural spaces and to cover mining center decommissioning costs.

In May 2003, the ENUSA Management decided to submit a definitive Reclamation Project for the mining installations of the Saelices el Chico Center (Salamanca) to the Territorial Service for Industry, Trade and Tourism of the Castilla-Leon regional government. It was approved by this territorial agency on 13 September 2004, thus authorizing ENUSA to execute the project. This project replaced the reclamation and decommissioning project for cessation of activities submitted in November 2002, as the Administration considered that project as a strategic shutdown and not as a definitive closure of the mining operations. ENUSA has been working on the tasks of reclaiming the natural spaces and decommissioning the installations located in the mining operations since January 2001.

A part of the mining center reclamation and decommissioning costs will be paid by the Empresa Nacional de Residuos Radiactivos (ENRESA). In 2018 and 2017, provisions worth 2,248 and 1,415 thousand Euros, respectively, have been applied to cover the costs incurred by the parent Company during these years by way of this item.

At the end of each financial year, the parent Company reviews the economic study of the reclamation project to re-estimate the expected cost of the necessary outstanding activities and adjust it to different resolutions of official authorities and to the commitments acquired with them, as well as the estimated time of the decommissioning. On the basis of the data of the economic study, which is based on work and date assumptions similar to those estimated at the end of the previous year, in 2018 an allocation of provision of 5,875 thousand Euros was recorded (1,914 thousand Euros of excess provision in 2017).

The provision for solid waste management costs in the Juzbado factory includes the estimated cost of managing these kinds of wastes. In this respect, the parent Company has signed a contract with ENRESA for the treatment of these wastes. The same criterion used in previous years has been maintained, adapting it to the fact that solid wastes are classified as either intermediate level or low level, as provided in the new regulations issued in 2010 by the Nuclear Safety Council. As a result, a 473 thousand Euro provision, corresponding to the wastes generated in 2018, has been recorded (397 thousand Euros in 2017).

The provision for the nuclear fuel factory dismantling costs includes the parent Company's current obligation, calculated at the current net value at year's end, relative to the costs that in the future the proper dismantling of this facility will represent. The parent Company has signed a contract with ENRESA to execute the dismantling work.

The aforesaid contracts included the periodic payments that ENUSA had to make to ENRESA until 2027 for setting up a Fund that would cover the costs stemming from both activities: the management of operating wastes generated every year and the cost of dismantling the Juzbado factory. The value of this Fund, financed by the ENUSA contributions and the corresponding financial restatements shown in the contracts, was recorded in the Consolidated Balance Sheet Assets under the heading "Long-term investments in group and associated companies – Company loans".

Law 11/2009 of 26 October, which regulates Listed Real Estate Investment Corporations, introduced, effective as of 1 January 2010 and via point 1 of its 9th Final Provision, article 38 bis to Nuclear Energy Act 25/1964.

Furthermore, Law 11/2009 of 26 October, which regulates Listed Real Estate Investment Corporations, modified, effective as of 1 January 2010 and via point 2 of its 9th Final Provision, the 6th Additional Provision of Electric Power Sector Act 54/1997.

The "Third" section of point 9 of the 6th Additional Provision of the Electric Power Sector Act reads as follows:

"Three: Tax on the provision of management services for radioactive wastes resulting from fuel assembly manufacture, including the dismantling of the manufacturing facilities.

a) Taxable event: The taxable event of the tax is the provision of management services for radioactive wastes resulting from fuel assembly manufacture, including the dismantling of the manufacturing facilities. The taxable event of this tax also includes the anticipated cessation of operation of a fuel assembly manufacturing facility at the owner's initiative, with respect to the provisions set down in the General Radioactive Waste Plan.
b) Tax base: The tax base of the tax is the amount of nuclear fuel manufactured each calendar year, measured in metric tons (MT) and stated with two decimals; the remaining decimals are rounded to the second decimal place."

In practice, this rule means that the contributions that ENUSA had been making to ENRESA, pursuant to the contracts signed between the two companies, was replaced with the payment of a tax, with the destination of this tax being the same: to increase the Fund allocated to covering the costs of managing operating wastes and dismantling the Juzbado factory. Therefore, payments of this tax have been made since 2010 and the value of this Fund has continued to rise.

The value of the Fund is shown in the Consolidated Balance Sheet as a reduction in the amount of provisions to which it was allocated.

d) Contingencies and Obligations Related to Environmental Protection and Enhancement:

The Group considers there are no significant contingencies or obligations related to environmental protection and enhancement other than those mentioned in paragraph (c) above.

e) Investments Made During the Year for Environmental Reasons

The investments in environment-related assets made by the Parent Company in 2018 and 2017, primarily made in the Juzbado fuel assembly factory, have amounted to 1,382 and 1,198 thousand Euros, respectively.

f) Compensations to be received from third parties:

No income has been earned from environmental activities in financial years 2018 and 2017.

No subsidies have been received by way of this item in 2018 and 2017.

19. Long-term Personnel Remunerations

In 1995, the parent Company set up, with a Pension Fund agent, an employee Pension Plan based on a defined, taxable contribution, with contributions from the promoter and participants pursuant to the regulatory rules of the Plan. This Plan is currently governed by the provisions of the Revised Text of the Pension Plan and Pension Fund Act approved by Royal Legislative Decree 1/2002 of 29 November and Royal Decree 304/2004 of 20 February, whereby the Pension Plan and Pension Fund Regulation is approved, and by any other applicable regulatory provisions. This commitment is still standing in current Collective Bargaining agreements.

Between 1995 and 2011, the parent Company had been contributing various amounts to this Plan as its promoter.

Law 6 / 2018, of July 3, on General State Budgets for the financial year 2018, set forth in sections 2 and 3 that commercial public companies (including the Parent Company) could only make contributions to employment pension plans or group insurance contracts including retirement contingency coverage under certain circumstances. No contribution has been made by the parent Company in 2018.

20. Subsidies, Donations and Bequests

The amounts recorded under the heading Subsidies, Donations and Bequests in the consolidated balance sheet at 31 December 2018 and 2017 correspond, mostly, to subsidies received by the affiliate Emgrisa from various public agencies to finance the acquisition of different fixed asset items, which were applied to the acquisition of REMESA and CETRANSA. These subsidies are included in those corresponding to the Ministry of the Environment, in the information shown below.

The movement of the above mentioned heading during the financial years 2018 and 2017 was as follows:

Thousand of euros

FINANCIAL YEAR 2018 Concept	Balance at 31.12.17	Others (*)	Concession	Allocation to results	Tax effect	Balance at 31.12.18
Junta de Extremadura subsidies	13	-	-	(2)	-	11
Junta de Castilla-La Mancha subsidies	17	-	-	(1)	1	17
Ministry of Environment subsidies	4,809	-	-	-	-	4,809
European Comission subsidies	97	-	-	(64)	16	49
CDTI subsidy	196	-	-	(161)	40	75
I D A E subsidy	63	-	-	(9)	2	56
Other subsidies and donations	287	1	-	-	-	288
TOTAL	5,482	1	-	(237)	59	5,305

(*) Incorporation of subsidies of companies integrated by equating method and allocation to minority interests

Thousand of euros

FINANCIAL YEAR 2017 Concept	Balance at 31.12.2016	Others (*)	Concession	Allocation to results	Tax effect	Balance at 31.12.17
Junta de Extremadura subsidies	15	-	-	(2)	-	13
Junta de Castilla-La Mancha subsidies	18	-	-	(1)	-	17
Ministry of Environment subsidies	4,808	-	-	-	1	4,809
European Comission subsidies	120	-	-	(30)	7	97
CDTI subsidy	-	-	321	(60)	(65)	196
I D A E subsidy	-	-	93	(9)	(21)	63
Other subsidies and donations	288	(1)	-	-	-	287
TOTAL	5,249	(1)	414	(102)	(78)	5,482

(*) Incorporation of subsidies of companies integrated by equating method and allocation to minority interests

In addition, the amount allocated directly to P&L was 39 thousand Euros (31 thousand Euros 2017) and corresponds to contributions of entities belonging to the State Administration to offset operating costs in the areas of personnel training and research and development projects.

21. Non-current Assets Held for Sale

The breakdown of the assets and their net book value at 31 December 2018 and 2017 is as follows:

	Thousand of euros	
	2018	2017
SHS constructions P/Industrial Las Viñas	-	-
SHS plot of land N73,74,75	-	-
TOTAL	-	-

The value of Non-current Assets held for sale, up to the financial year 2016, corresponded to the tangible fixed assets acquired by ENUSA from the former subsidiary thereof, SHS Cerámicas, S.A., in 2006 as a previous step to its dissolution-liquidation which was finally registered in 2007.

Despite continuing the selling process of these assets, in view of the time transpired and the lack of purchase offers that make foreseeable their sale in the short term, they have been transferred to the heading of Tangible Fixed Assets, in the amount of 471 thousand Euros, equivalent to their book value prior to their qualification as non-current assets for sale, adjusting the depreciation that would have been recorded had they not been classified as held for sale (115 thousand Euros, included as a loss in the P&L account), with this amount being less than their recoverable value.

22. Events Subsequent to Year's End

On the date of preparing the Consolidated Annual Accounts, no events subsequent to the end of the financial year 2018 have occurred that required being broken down.

23. Related-Party Transactions

a) Operations with the parent enterprise (SEPI) and group and associated companies of the SEPI Group.

The related parties with which the Group companies have carried out transactions during the financial years 2018 and 2017, as well as the nature of this relationship, are the following:

	Nature of the relationship
SEPI	Direct parent Company
EQUIPOS NUCLEARES	SEPI Group Company
ENWESA OPERACIONES	SEPI Group Company
CORREOS	SEPI Group Company
CORREOS EXPRESS	SEPI Group Company
TRAGSA	SEPI Group Company
GENUSA	ENUSA Group/ associated by equity method
ENUSA-ENSA AIE	ENUSA Group/ associated by equity method
SNGC AIE	ENUSA Group/ associated by equity method
CETRANSA	ENUSA Group/ associated by equity method
REMESA	ENUSA Group/ associated by equity method
ENRESA	SEPI Group/ associated by equity method
DIRECTORS	Board Members
SENIOR MANAGEMENT	Directors

The transactions carried out with the Parent Company (SEPI) and group companies and associates of the SEPI Group in financial years 2018 and 2017, as well as their effect on the financial statements, were as follows:

Thousand of euros

FINANCIAL YEAR 2018	Parent Entity (SEPI)	Group Companies	Multi-group and associated companies
ASSET BALANCES			
Short-term loans (*)	48,992	-	-
Trade debtors and other accounts receivable	-	99	3,987
Advances to suppliers	-	89	-
Short-term accruals	-	-	-
TOTAL ASSET BALANCES	**48,992**	**188**	**3,987**
LIABILITY BALANCES			
Long-term debts	2,483	-	-
Short-term debts	552	-	-
Trade creditors and other accounts payable	-	217	4,259
TOTAL LIABILITY BALANCES	**3,035**	**217**	**4,259**
TRANSACTIONS			
Purchases and own work	-	1,225	6,815
Services received	-	28	101
Interest costs	-	17	-
Capitalization of fixed asset purchase cost	-	232	-
Sales and services rendered	-	80	11,696
Interest income	49	-	106
Non-core income	-	-	2,683
Other financial income	-	-	-

(*) Corresponds to Inter-SEPI deposits with maturity of less than three months and classified in Loans with companies of the group in the Consolidated Balance Sheet Assets.

FINANCIAL YEAR 2017	Parent Entity (SEPI)	Group Companies	Multi-group and associated companies
		Thousand of euros	
ASSET BALANCES			
Short-term loans (*)	52,173	-	-
Trade debtors and other accounts receivable	-	45	2,451
Advances to suppliers	-	298	-
Short-term accruals	-	-	7
TOTAL ASSET BALANCES	**52,173**	**343**	**2,458**
LIABILITY BALANCES			
Long-term debts	2,021	-	-
Short-term debts	1,098	-	-
Trade creditors and other accounts payable	-	346	1,128
TOTAL LIABILITY BALANCES	**3,119**	**346**	**1,128**
TRANSACTIONS			
Purchases and own work	-	1,384	3,778
Services received	-	449	201
Capitalization of fixed asset purchase cost	-	95	-
Sales and services rendered	-	289	18,065
Interest income	52	-	285
Non-core income	-	-	2,659
Other financial income	-	-	6

(*) Corresponds to Inter-SEPI deposits with maturity of less than three months and classified in Loans with companies of the group in the Consolidated Balance Sheet Assets.

The most significant transactions and balances with multi-group and associated companies in 2018 and 2017 correspond to the Parent Company with the following companies:

- Trade debtors & other accounts payable: 1,008 thousand Euros with ENRESA (1,556 thousand Euros with ENRESA in 2017) and 2,114 thousand Euros with ENUSA-ENSA, EIG (543 thousand Euros in 2017).
- Trade creditors and other accounts payable: 4,225 thousand Euros with ENUSA-ENSA, AIE (1,125 thousand Euros in 2017).
- Purchases and own work: 6,455 thousand Euros with ENUSA-ENSA, AIE (3,922 thousand Euros in 2017).
- Sales and services rendered: 7,317 thousand Euros with GENUSA (14,921 thousand Euros in 2017).

The conditions of the transactions with related parties are equivalent to those undertaken under market conditions.

b) Board of Directors

The Board of Directors of the parent Company is composed of 11 people (5 women and 6 men) at the end of 2018.

The remuneration of the parent Company Board Members, in their capacity as such, consists of per diems received to attend the Board meetings. The parent Company's Board Member per diems have amounted to a total of 87 thousand Euros in 2018 (91 thousand Euros in 2017).

The chairman of the Board of Directors of the Parent Company is a salaried employee of the Parent Company, forms part of the Executive Committee of the Parent Company (see point c)), and does not receive any type of per diem to attend Board meetings.

The parent Company has no advances or loans granted to any of the Board Members (except for the Chairman, whose personal facts are reported in point c, together with those of the rest of the parent Company Executive Committee members).

The members of the governing bodies of the different affiliated companies do not receive any remuneration in their capacity as such.

During financial year 2018, civil liability insurance premiums on the administrators and directors of the Parent Company were paid for damages caused in the exercise of the post amounting to 19 thousand Euros (same amount as in 2017).

The members of the ENUSA Board of Directors, during this year, have not received any remuneration, except that indicated in preceding paragraphs, and they have not carried out any transactions with the company. Moreover, they have not used the company's name or invoked their condition as Director in order to influence unduly the realization of private transactions, and they have not made use of the company assets, including the confidential information of the Company, for private purposes. In addition they have not obtain advantages or remunerations from third parties other than the Company and its group associated with the performance of their posts, and they have not carried out activities on their own behalf or for others that involve effective competition, whether current or potential, with the Company, or that, in any way have situated them in a permanent conflict with the Company's interests. Therefore, in compliance with the provisions of Article 229.3 of the Legislative-Royal Decree 1/2010, of 2 July, of the rewritten text of the Capital Companies' Act, the Directors report that they are not in personally or through a related person, any situation of conflict of interest, direct or indirect, with the Company's interest, except the following members who hold the posts that are detailed below in ENRESA, a company that carries out an activity complementary to that of ENUSA:

Name	Position
D. Carlos Alejaldre Losilla	Vice Chairman and Member of the Board of Empresa Nacional de Residuos Radiactivos, S.A. (ENRESA)
D. Jose Manuel Redondo García	Member of the Board of Empresa Nacional de Residuos Radiactivos, S.A. (ENRESA)

c) Executive Committee

Effective as of 2012, all the members of the parent Company's Executive Committee formalized senior management contracts with the parent Company, and therefore they are considered as senior management personnel beginning that year (2012).

The parent Company's Executive Committee is formed by 8 people (2 women and 6 men).

The only remunerations accrued in favour of the aforesaid personnel were short-term payments amounting to 1,085 thousand Euros during the 2018 financial year (1,145 thousand Euros during 2017).

The only balances held by members of the Management Committee with the Company correspond to loans amounting to 1 thousand Euros (nothing in 2017) and 18 thousand Euros (5 thousand Euros in 2017), corresponding to personal down payments , all of them regulated by collective agreements.

Likewise, there is a balance of guarantees at 31 December 2018 for the aforesaid personnel amounting to 25 thousand Euros (30 thousand Euros at 31 December 2017).

There have been no promoter contributions to pension plans during 2018.

24. Information on Average Payment Period to Suppliers

In compliance with the obligation set forth in the Additional Third Provision of the Law 15/2010, of 5 July, which modified Law 3/2004, of 29 December, which established measures to combat late payments in trade operations, and according to the Resolution of the ICAC (Spanish Accounting and Auditing Institution) of 29 January 2016 (applicable to the annual accounts of the financial years beginning 1 January 2015), it is hereby reported that the payments made in the financial year and the figures pending payment on the date of the closing of the balance sheet, are the following:

	2018	2017
	Days	
Average payment period to suppliers	36	38
Ratio of paid transactions	37	40
Ratio of transactions pending payments	20	24
	Amount (thousands of euros)	
Total payments made	173,855	209,439
Total payments pending	9,644	23,923

The maximum legal payment period applicable to the companies of the Group, according to Law 3/2004, of 29 December, by which measures to fight late payments in trade operations are established, is 30 days, unless there is an agreement between the parties up to a maximum of 60 days.

25. Guarantees and Endorsements

The guarantees granted by various financial institutions to the Group companies as of 31 December 2018 and 2017 are as follows:

Thousand of euros

	31.12.2018	31.12.2017
Related to the ENUSA activity	1,957	1,356
Related to the UTE RSU activity	4,865	4,207
Related to the ETSA activity	344	587
Related to the Emgrisa activity	892	922
Related to the TECONMA activity (*)	159	159
TOTAL	8,217	7,231

(*) ENUSA's subsidiary with which it merged in 2013

The comfort letters issued by the Group companies as of 31 December 2018 and 2017 are as follows:

Thousand of euros

	31.12.2018	31.12.2017
Issued to ETSA	264	507
TOTAL	264	507

Other guarantees granted by the Group companies as of 31 December 2018 and 2017 are as follows:

Thousand of euros

	31.12.2018	31.12.2017
Guarantee of loans of the employees for the acquisition or rehabilitation of housing according to the Collective Agreement of the Parent Company (*)	509	582
TOTAL	509	582

(*) Corresponds to the initially guaranteed amounts. The derivative of the amounts pending amortization of the guaranteed loans would be the maximum risk for the Company. These amounts totaled to 161 and 218 thousands of euros to31st December 2018 and 2017 respectively.

The Group considers that the guarantees and endorsements presented will not result in significant risks not provided for at year-end.

26. Miscellaneous Information

The average number of employees during 2018 and 2017, distributed by professional categories, is as follows:

FINANCIAL YEAR 2018	PERMANENT PERSONNEL		TEMPORARY PERSONNEL		TOTAL AVERAGE STAFF		DISABILITY >= 33%
Category	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	
Senior management	1	6	-	-	1	6	-
Other directors, technicians & similar	96	252	25	54	121	306	2
Clerks and assistants	33	21	11	5	44	26	3
Other personnel	4	112	3	69	7	181	2
TOTAL AVERAGE STAFF	134	391	39	128	173	519	7

FINANCIAL YEAR 2017	PERMANENT PERSONNEL		TEMPORARY PERSONNEL		TOTAL AVERAGE STAFF		DISABILITY >= 33%
Category	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	
Senior management	1	7	-	-	1	7	-
Other directors, technicians & similar	94	258	26	47	120	305	2
Clerks and assistants	36	24	10	4	46	28	3
Other personnel	4	114	1	71	5	185	2
TOTAL AVERAGE STAFF	135	403	37	122	172	525	7

The figures corresponding to 2018 and 2017 include, in both financial years, 13 average people, corresponding to the UTE RSU personnel (included in the percentage of ENUSA share therein).

The distribution by gender of the Group's personnel as of 31 December 2018 and 2017, broken down by category and level, is as follows:

FINANCIAL YEAR 2018	No Employees		
	Women	Men	Total
Board members	-	1	1
Senior Management	2	5	7
Other directors, technicians and similar	142	331	473
Clerks and assistants	53	34	87
Other personnel	6	206	212
TOTAL	203	577	780

FINANCIAL YEAR 2017	No Employees		
	Women	Men	Total
Board members	-	1	1
Senior Management	1	6	7
Other directors, technicians and similar	127	333	460
Clerks and assistants	51	30	81
Other personnel	6	193	199
TOTAL	185	563	748

The figures corresponding to December 31, 2018 and 2017 include 14 and 12 people, respectively, corresponding to UTE RSU personnel (included in the percentage of ENUSA share therein).

In compliance with its legal obligations, the Group, in addition to having 8 employees with disabilities on its payroll, as an alternative measure has made donations amounting to 58 thousand Euros through the Parent Company.

Consultancy fees for Grant Thonrnton, S.L.P., Single-Member Company, for the audit of the 2018 annual accounts and for other services for the various Group companies amounted to 48 thousand Euros. Consultancy fees for the audit of the 2017 annual accounts and for other services for the various Group member companies amounted to 71 thousand Euros.

The above mentioned amounts correspond to the expenses accrued in 2018 and 2017, regardless of the date of invoice thereof.

27. Segmentation Information

The Group divides its activities into the following business segments:

- **Nuclear Business.** Traditional core business conducted through the parent Company and its two affiliates, ENUSA-ENSA, A.I.E and Spanish Nuclear Group for Cooperation, A.I.E.
- **Environmental activities.** Business conducted entirely by the affiliate Empresa para la Gestión de Residuos Industriales, S.A, S.M.E., M.P. as well as certain services related to these activities carried out by the parent Company through its Technical Environmental Office, the Saelices-Ciudad Rodrigo Environmental Center and the UTE RSU.
- **Transport of Radioactive Products.** Business conducted entirely by the invested companies Express Truck, S.A.U., S.M.E.
- **Financial investments.** Parent Company investments in non-consolidated companies.

As each business segment coincides in practice with independent companies, the assignment and allocation criteria used to determine the information of each segment are based on the individual Financial Statements of each company. In the particular case of ENUSA, in which there are activities applicable to various segments, the income and expenses corresponding to each one of them are identified separately.

The criterion used to fix the inter-segment transfer prices is the market price criterion.

Following is the information on turnover by geographical areas in 2018 and 2017:

Thousands of euros

FINANCIAL YEAR 2018	Spain	European Union	Rest of the world	Total segments
Net Turnover	207,650	45,075	1,315	254,040
External clients	204,739	45,075	1,315	251,129
Inter-segment	2,911	-	-	2,911

Thousands of euros

FINANCIAL YEAR 2017	Spain	European Union	Rest of the world	Total segments
Net Turnover	268,983	33,947	2,434	305,364
External clients	267,149	33,947	2,434	303,530
Inter-segment	1,834	-	-	1,834

The breakdown of the turnover by segment in 2018 and 2017 is as follows:

Thousands of euros

FINANCIAL YEAR 2018	Front end of the nuclear fuel cycle	Environmental activities	Transport of radioactive products	Structure & financial surpluses	Total segments
Net Turnover	227,130	15,099	11,811	-	254,040
External clients	227,130	14,639	9,360	-	251,129
Inter-segment	-	460	2,451	-	2,911

Thousands of euros

FINANCIAL YEAR 2017	Front end of the nuclear fuel cycle	Environmental activities	Transport of radioactive products	Structure & financial surpluses	Total segments
Net Turnover	282,513	13,199	9,652	-	305,364
External clients	282,513	13,053	7,964	-	303,530
Inter-segment	-	146	1,688	-	1,834

The most significant items of the Consolidated P&L Accounts of financial years 2018 and 2017, broken down by business segments, are as follows:

Thousands of euros

FINANCIAL YEAR 2018	Front end of the nuclear fuel cycle	Environmental activities	Transport of radioactive products	Structure & financial surpluses	Total segments	Intra-group transaction adjustments	Consolidated total
Net turnover	227,130	15,099	11,811	-	254,040	(2,911)	251,129
Supplies	(161,666)	(3,065)	(7,422)	(5)	(172,158)	313	(171,845)
Personnel expenses	(24,119)	(4,071)	(1,757)	(7,903)	(37,850)	-	(37,850)
Fixed asset amortization	(3,947)	(2,617)	(244)	(704)	(7,512)	-	(7,512)
Losses, Depreciation and Variation in Provisions	219	28	-	126	373		373
OPERATING RESULTS	**9,603**	**(5,180)**	**1,311**	**(619)**	**5,115**	**-**	**5,115**
Financial income	651	8	3	1,245	1,907	-	1,907
Financial expenses	(2,176)	(2,195)	(1)	(2)	(4,374)	-	(4,374)
PRE-TAX P&L	**8,279**	**(6,320)**	**1,312**	**624**	**3,895**	**-**	**3,895**

Thousands of euros

FINANCIAL YEAR 2018	Front end of the nuclear fuel cycle	Environmental activities	Transport of radioactive products	Structure	Consolidated total
Segment assets	378,145	72,879	8,670	10,432	470,126
Segment liability	278,123	75,137	1,710	-	354,970
Segment Net worth	8,823	(4,016)	1,312	109,037	115,156

FINANCIAL YEAR 2017	Front end of the nuclear fuel cycle	Environmental activities	Transport of radioactive products	Structure & financial surpluses	Total segments	Intra-group transaction adjustments	Consolidated total
							Thousands of euros
Net turnover	282,513	13,199	9,652	-	305,364	(1,834)	303,530
Supplies	(228,465)	(2,782)	(5,775)	(9)	(237,031)	142	(236,889)
Personnel expenses	(23,980)	(4,294)	(1,656)	(9,055)	(38,985)	-	(38,985)
Fixed asset amortization	(4,011)	(2,527)	(240)	(527)	(7,305)	-	(7,305)
Losses, Depreciation and Variation in Provisions	1,713	485	94	(63)	2,229	-	2,229
OPERATING RESULTS	**11,107**	**(1,973)**	**1,092**	**(2,055)**	**8,171**	**-**	**8,171**
Financial income	831	9	3	(388)	455	-	455
Financial expenses	(3,025)	(2,456)	(1)	(249)	(5,731)	-	(5,731)
PRE-TAX P&L	**9,629**	**(3,139)**	**1,095**	**5,809**	**13,394**	**-**	**13,394**

Thousands of euros

FINANCIAL YEAR 2017	Front end of the nuclear fuel cycle	Environmental activities	Transport of radioactive products	Structure	Consolidated total
Segment assets	431,972	71,516	8,061	10,094	521,643
Segment liability	327,425	71,401	1,675	-	400,501
Segment Net worth	8,615	(878)	1,095	112,310	121,142

APPENDIX I
(1 OF 2)

ENUSA GROUP AND SUBSIDIARY COMPANIES

Addition Information on the Group Member Companies at 31 December 2018

(Thousands of Euros)

	Direct	Indirect	Stated Capital	Reserves	Partner contributions	Subsidies	Value change adjustments	Results	Auditor
SUBSIDIARIES									
EXPRESS TRUCK, S.A.U., S.M.E.	100.00	–	301	5,676	–	–	–	984	GT
Emgrisa, S.A., S.M.E., M.P.	99.62	–	7,813	3,574	–	4,837	(17)	149	GT
MULTI-GROUP COMPANIES									
ENUSA-ENSA, A.I.E.	50.00	–	421	12	–	–	112	393	–
ASSOCIATED COMPANIES									
GNF ENUSA NUCLEAR FUEL, S.A.	49.00	–	108	22	–	–	–	136	KPMG
SPANISH NUCLEAR GROUP FOR COOPERATION A.I.E.	25.00	–	24	20	32	–	–	15	–
CETRANSA	–	29.89 (1)	1,202	3,692	–	–	–	433	Deloitte
REMESA	–	49.81 (1)	12,549	1,805	–	614	–	479	KPMG

(1) Companies invested indirectly through Emgrisa. Cetransa incorporates results from Gestión y Protección Ambiental, S.A. which it owns at 100%. The data from Cetransa as well as those from Remesa are provisional.

This Appendix is an integral part of Notes 1.2 and 2 of the 2018 Consolidated Annual Account Report and should be read with them.

APPENDIX I (2 OF 2)

ENUSA GROUP AND SUBSIDIARY COMPANIES

Addition Information on the Group Member Companies at 31 December 2017

(Thousands of Euros)

	Direct	Indirect	Stated Capital	Reserves	Partner contributions	Subsidies	Value change adjustments	Results	Auditor
SUBSIDIARIES									
EXPRESS TRUCK, S.A.U., S.M.E.	100.00	—	301	5,265	—	—	0	821	E&Y
Emgrisa, S.A., S.M.E., M.P.	99.62	—	7,813	3,591	—	4,839	(18)	(17)	E&Y
MULTI-GROUP COMPANIES									
ENUSA-ENSA, A.I.E.	50.00	—	421	12	—	—	126	330	—
ASSOCIATED COMPANIES									
GNF ENUSA NUCLEAR FUEL, S.A.	49.00	—	108	22	—	—	—	269	KPMG
SPANISH NUCLEAR GROUP FOR COOPERATION A.I.E.	25.00	—	24	10	32	—	—	10	—
CETRANSA	—	29.89 (1)	1,202	3,418	—	—	—	538	Deloitte
REMESA	—	49.81 (1)	12,549	1,497	—	614	—	910	KPMG

(1) Companies invested indirectly through Emgrisa. Cetransa incorporates results from Gestión y Protección Ambiental, S.A. which it owns at 100%. The data from Cetransa as well as those from Remesa are provisional

This Appendix is an integral part of Notes 1.2 and 2 of the 2017 Consolidated Annual Account Report and should be read with them.

Audit Report for the Consolidated Annual Accounts

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AUDIT REPORT FOR THE CONSOLIDATED ANNUAL ACCOUNTS ISSUED BY AN INDEPENDENT AUDITOR

To the shareholders of ENUSA Industrias Avanzadas, S.A., S.M.E.

Opinion

We have audited the consolidated annual accounts of ENUSA INDUSTRIAS AVANZADAS, S.A. S.M.E. (Parent company) and its subsidiary companies (the Group), including the balance at 31 December 2018, the profit and loss account, the statement of changes in equity, the cash flow statement and report, all consolidated, for the year ending on that date.

In our opinion, the consolidated annual accounts attached show, in all meaningful aspects, the true image of the assets and financial situation of the Group on 31 December 2018, its results and cash flows, all consolidated, corresponding to the year ending on this date, in accordance with the applicable legal framework for financial information (identified in note 2 of the attached consolidated report) and in particular, with the accounting principles and criteria it contains.

Grounds for the opinion

We have carried out our audit in accordance with the applicable Spanish regulatory law for the activity of account auditing. Our responsibilities in terms of these regulations are explained below in the section on Auditor Responsibilities with regard to the auditing of the annual accounts in our report.

We are independent of the Group, as required on ethical grounds, including those of independence, which apply to our audit of the annual accounts in Spain as requested by the regulatory law that applies to the activity of account auditing. In this sense, we have not provided any other service other than that of account auditing nor have there arisen any situations or circumstances that, in accordance with the stipulations of this regulatory law, have affected the necessary independence so that it has been compromised.

We consider that the evidence for the audit that we obtained provides a sufficient and suitable base for our opinion.

Most important aspects of the audit

The most important aspects of the audit are those which, in our professional opinion, are considered those with the most significant risks of material inaccuracies in our audit of the annual account of the current period. These risks have been treated in the context of our audit of the annual accounts as a whole and in the formation of our opinion on these, so we shall not give our opinion on these risks separately.

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Assessment of the existence and evaluation of provisions:

As indicated in note 17 of the attached consolidated report, the Group has registered provisions for environmental activities and other short and long-term provisions amounting to 62,876 thousand euros on 31 December 2018.

In accordance with the applicable standard framework for financial information and as indicated in note 5.16 of the attached consolidated report, the provisions are recognized when the Group has a current obligation, whether legal, contractual, implicit or tacit, as a result of a past event, it is likely that resources resulting in future financial profits will be used to cancel such obligation, and a reliable estimate of the amount of the obligation can be made. The financial effect of the provisions is recorded as financial costs in the consolidated profit and loss account.

We have considered this area as an important aspect of the audit inasmuch as the registration of provisions implies a strong use of judgement and estimation on the part of the Management.

As part of our audit and in response to the risk mentioned, we carried out the following procedures:

- We made a study of the procedure applied by the Group in its determination of the criteria and hypothesis applied by the Group when estimating the existence and evaluation of the different provisions and the application of the appropriate accounting treatment.
- We have held several meetings with the Group's Management and its technical department in order to understand the nature of the hypothesis used for the different provisions, confirming the information incorporated in the different technical and financial reports that sustain the main hypotheses applied.
- We have carried out detailed analytical procedures consisting of understanding the changes in the different provisions in view of their type and obtaining a number of supporting documents for the main movements that occurred in the financial year 2018.
- We have reviewed the methods used in the financial upgrades made for the various provisions.
- We obtained the confirmation of Group's internal and external legal and tax advisors, listing the legal actions and claims open on 31 December 2018 and those closed during the year in question.
- We have checked that the information disclosed in the consolidated annual accounts is sufficient and suitable in accordance with the applicable regulatory framework for financial information.

Evaluation and registration of financial derivatives:

As shown in notes 5.10 and 12.1.2 of the attached consolidated report, the Group used financial derivatives as part of its strategy to reduce its exposure to interest rate and exchange rate risks, using hedge accounting, with the amount registered among assets as 365 thousand euros and liabilities of 3,141 thousand euros.

In accordance with the standard applicable framework for financial information, as indicated in note 5.10 of the attached consolidated report, the accounting of the hedging operations only applies when this hedging is expected to be highly efficient at the start of the hedge and in the following years to succeed in offsetting the changes in the fair value or in the cash flows attributable to the hedged risk, during the period for which it has been designated (prospective analysis), and the actual effectiveness, which can be reliably determined, is in the range of 80-125% (retrospective analysis).

We have considered this area as an important aspect of the audit because the estimation of the fair value and the categorization of the derivative require a high degree of judgement on the part of the Management and may have a significant impact on the attached consolidated balance and consolidated profit and loss account.

As part of our audit and in response to the risk mentioned, we carried out the following procedures:

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We have made a study of the procedure established by the Group to ensure the appropriate evaluation and accounting treatment of the derivatives.

We have obtained confirmation of the evaluation of the derivatives in relation with the interest rates set by the banks.

We have carried out procedures, using a representative sample, to contrast the fair value and confirmed the correct accounting treatment based on the appropriate classification of the derivative. We have relied on the support of our experts in financial instruments for this procedure.

We have checked that the information disclosed in the consolidated annual accounts is sufficient and suitable in accordance with the applicable regulatory framework for financial information.

ther questions

n 5 March 2018, other auditors issued their audit report on the consolidated annual accounts orresponding to the financial year ending on 31 December 2017, expressing a favourable opinion.

ther information Consolidated management report

he other information exclusively contains the consolidated management report for 2018, which was repared by the Management of the parent company and which does not form part of the consolidated nnual account.

ur auditor's opinion of the consolidated annual accounts does not cover the consolidated management eport. Our responsibility for the information included in the consolidated management report is defined n the regulatory standards for account auditing, which establishes two distinct levels for this:

) A specific level which applies to the statement of consolidated non-financial information, consisting in only checking that the information in question has been provided in the management report, or where relevant, the reference corresponding to the separate information on non-financial information has been included in the way described in the regulations and, if not, to report on this.

) A general level that applies to the rest of the information included in the consolidated management report, consisting in evaluating and reporting the agreement between this information and the consolidated annual accounts, based on the knowledge of the Group obtained from carrying out the audit of these accounts and without including information other than that obtained as evidence during this process, and to evaluate and report whether the content and presentation of this part of the consolidated management report is in accordance with the applicable law. If we conclude from the work carried out that there are material inaccuracies, we are obliged to report them.

sing the work carried out as described previously, we have checked that the information mentioned in ection a) above is submitted in the separate report "Statement of Consolidated Non-Financial nformation for the financial year 2018" which is referred to in the consolidated management report, hile the rest of the information contained in the consolidated management report is in agreement with hat of the consolidated annual accounts for 2018, whose presentation and content are in accordance ith the applicable regulations.

esponsibility of the Directors of the Parent company in relation with the consolidated annual accounts

he Directors of the Parent company are responsible for preparing the attached consolidated annual ccounts so that they are a true reflection of the equity, financial situation and consolidated results of the roup, in accordance with the applicable regulatory framework for the Group in Spain, and the internal ontrol considered necessary to ensure that the consolidated annual accounts can be prepared without naterial inaccuracies due to fraud or error.

When preparing the consolidated annual accounts, the directors of the parent company are responsible or evaluating the Group's capacity to continue operating as a going concern, disclosing as appropriate

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any issues related with business operations using the going concern accounting principles, except when these directors intend to liquidate the Group or cease operations, or there is no other realistic alternative.

Responsibilities of the auditor in relation with the audit of the consolidated annual accounts

Our objective is to obtain reasonable confidence that the annual accounts as a whole are free of material inaccuracies due to fraud or error, and to issue an audit report that contains our opinion. Reasonable confidence is a high degree of security but does not guarantee that an audit performed in accordance with the current regulatory standards that apply to accounting audits in Spain will always detect a material inaccuracy when one exists. An inaccuracy may occur due to fraud or error, and are considered material when, individually or collectively, they may reasonably be assumed to influence financial decision taken by the users based on the consolidated annual accounts.

As part of an audit in accordance with current regulatory standards that apply to accounting audits in Spain, we apply our professional judgement and maintain an attitude of professional scepticism for the duration of the audit. Also:

- We identify and evaluate any risk of material inaccuracy in the annual accounts due to fraud or error, we design and apply auditing procedures to respond to these risks and obtain sufficient and suitable auditing evidence to support our opinion. The risk of not detecting a material inaccuracy due to fraud is higher than a case of material inaccuracy due to error, because fraud may imply collusion, falsification, deliberate omission, intentionally misleading statements or the avoidance of internal controls.
- We gather information about significant internal controls for our audits in order to design an auditing procedure that is suited to the circumstances, not in order to express an opinion about the effectiveness of the Group's internal controls.
- We assess whether the accounting policies applied are appropriate and the reasonableness of the accounting estimates and the corresponding information disclosed by the directors of the parent company.
- We reach a conclusion about the administrators' appropriate use of the going concern accounting principle and, based on the evidence obtained from the audit, we decide whether there is material uncertainty in relation with the facts or conditions that may generate significant doubts about the Group's capacity to continue as a going concern. If we decide that there is material uncertainty, we must call attention to the information revealed in the annual accounts in our audit report, or if this information is not sufficient, we must give a modified opinion. Our conclusions are based on the evidence of the audit obtained up to the date of our audit report. Subsequent facts or conditions, however, may be the cause for the Group to cease to be a going concern.
- We evaluate the global presentation, structure and content of the annual accounts, including the information revealed, and whether the annual accounts represent the underlying transactions and facts in such a way that they show a true image.
- We obtain sufficient and appropriate evidence in relation with the financial information of business entities and activities within the Group to express an opinion about the consolidated annual accounts. We are responsible for directing, supervising and performing the Group audit. We accept sole responsibility for our auditor's opinion.

We contact the directors of the parent company in relation with the planned scope and timing of the audit, among other issues, and any significant findings or defects in internal controls detected in the course of the audit.

GrantThornton

We determine which of the significant risks detected in the consolidated annual accounts for the current period and reported to the directors of the parent company are the most important and should therefore be considered the most significant risks.

We shall describe these risks in our audit report unless the legal or regulatory provisions forbid the public disclosure of this question.

Grant Thornton, S.L.P., Sociedad Unipersonal ROAC n° S0231

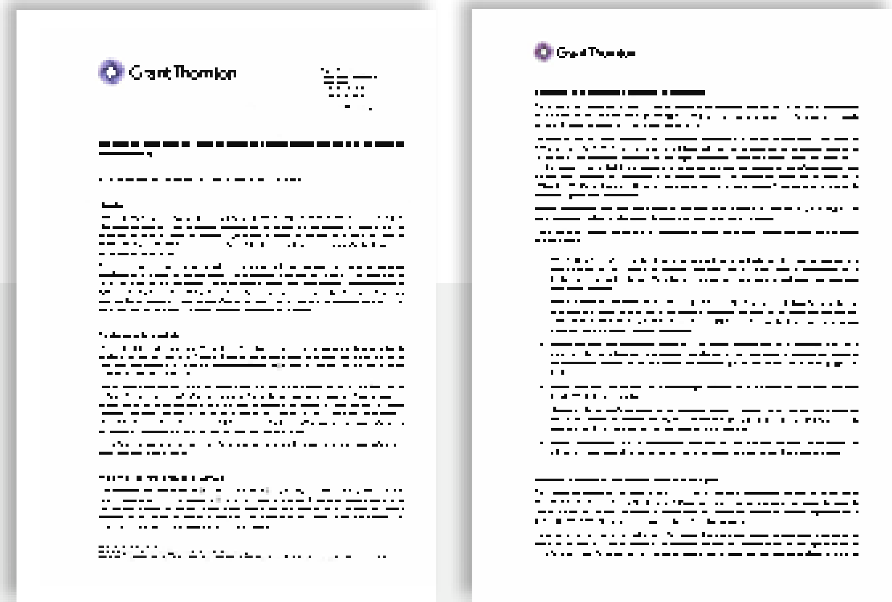
AUDITORS
Instituto de Censores Jurados de Cuentas de España
GRANT THORNTON, S.L.P.

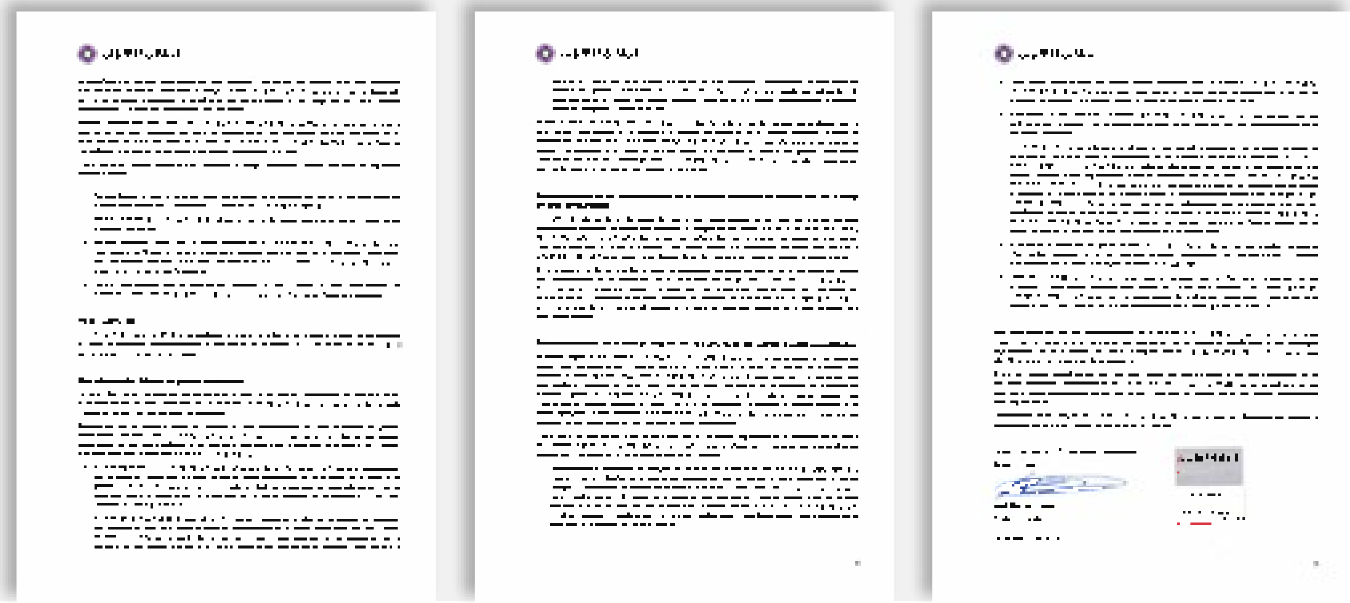
José Manuel López

ROAC n° 22480

19th March 2019

2019 No 01/19/02267
EUR 86.00
CORPORATE STAMP
Accounting audit report subject to the Spanish or International account auditing regulations





8. Main Successes, Deficiencies, Risks and Opportunities

SUCCESSES:

- Extensive experience in the nuclear, environmental and transport of radioactive materials business.
- First plant in Spain with Biodrying technology (UTE-RSU Castellón).

DEFICIENCIES:

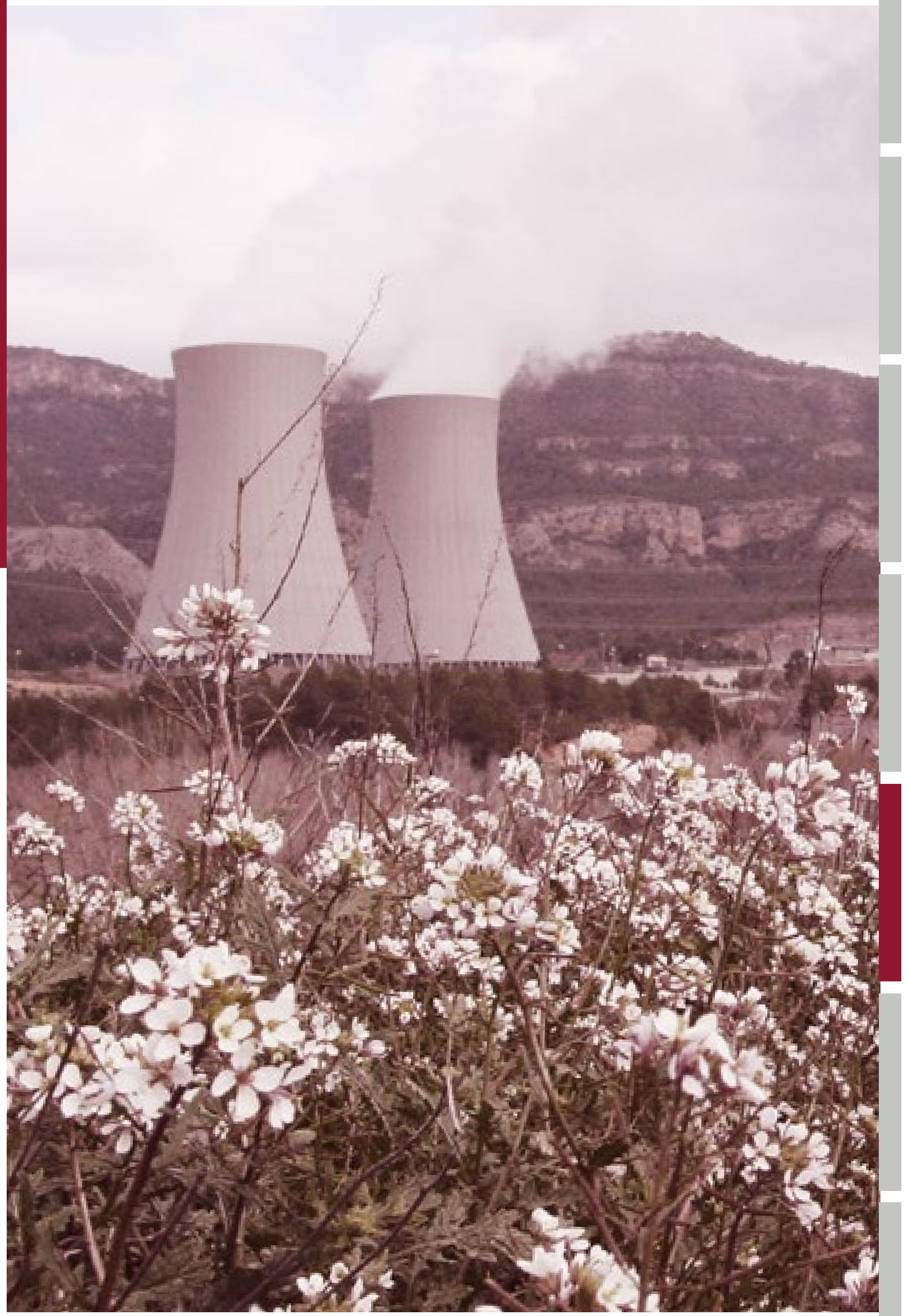
- Small size compared to sector.
- Technology Licensees.

RISKS:

- Strong offer of fuel manufacturing in Europe.
- Lifetime reduction of the nuclear power plants.

OPPORTUNITIES:

- Increase in the market of engineering and fuel services.
- Internationalization and supply of equipment for fuel manufacturing and inspection-repair.



9. Objectives

2018	DEGREE OF COMPLETION
Signing individual ENUSA contracts with the owners of all five Spanish PWR reactors for the supply of fuel and related services.	Total
Winning the fuel supply contract for at least one BWR reactor in Sweden or Finland.	Total
Achieving the fuel results identified in the annual budget.	Total

2019
Consolidation of the ENUSA-ENSA AIE or its transformation into a trading company.
Formalisation of a partnership for dismantling services.
Achieving the fuel results identified in the annual budget.

Social Performance

Index

1. Staff

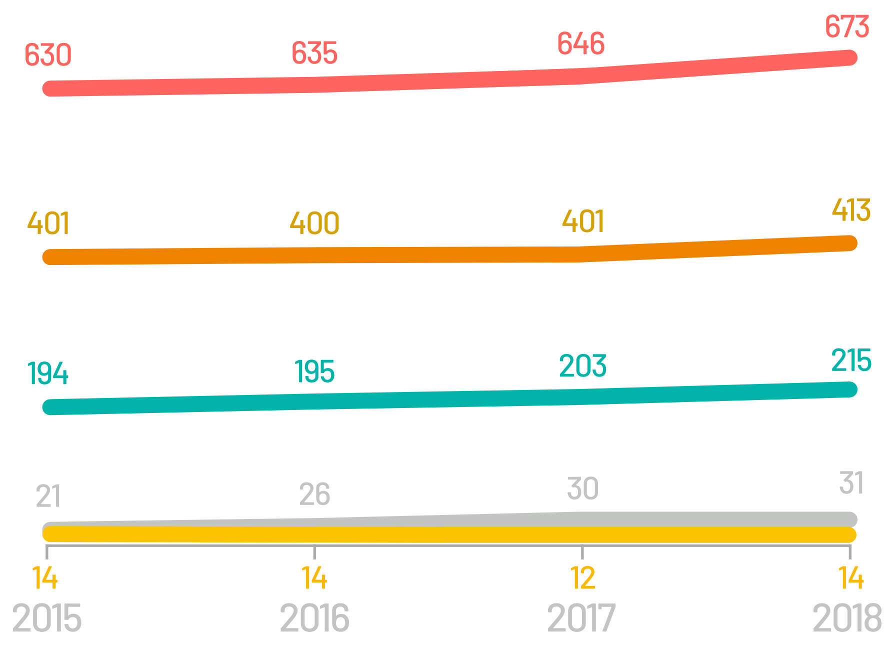
STAFF COMPOSITION

At the end of 2018, the staff of ENUSA was composed of 589 active workers in the company's three work centres, distributed as follows: 197 employees in Madrid where the head offices are located, 368 employees in the Juzbado fuel assembly factory and 24 in Saelices El Chico. The latter two centres are located in the province of Salamanca, which means that almost 70% of the ENUSA staff works in this territory and explains the close relationship that the company has had with the region from its origin (further information in the section "Adding Value to our Communities" page. 322).

To these 589 active workers are added the 70 in a situation of active partial retirement (18 in Madrid, 45 in Juzbado and 7 in Saelices). Therefore, the total staff of ENUSA amounts to 659 workers. This is the reference figure for all the tables and graphics shown below.

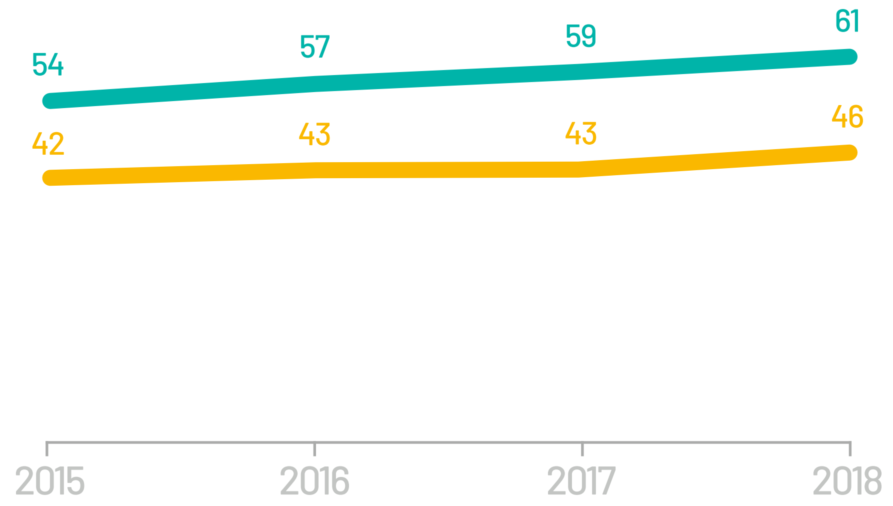
The information referring to the UTE RSU Castellón is reflected only for accounting consolidation, since its personnel is contracted directly by the UTE and not by ENUSA. For the correct interpretation of the graphics that are shown below, it should be taken into account that ENUSA has an 85.69% share in the Castellón UTE-RSU [Castellón Municipal Solid Waste Joint Venture] (which would represent 14 workers).

ENUSA'S STAFF BY WORK CENTRES



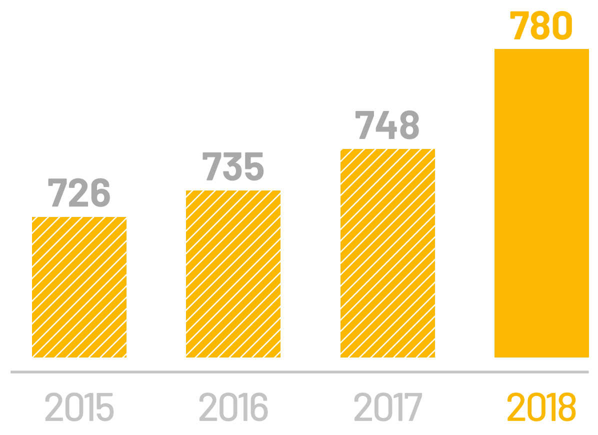
The subsidiaries, for their part, have a total of 107 workers (61 Emgrisa and 46 ETSA) on 31 December, and their changes are shown in the following table.

DIAGRAM OF THE ENUSA GROUP SUBSIDIARIES



At 31 December 2018, the ENUSA Group has 780 employees, 86.3% of which correspond to the parent company.

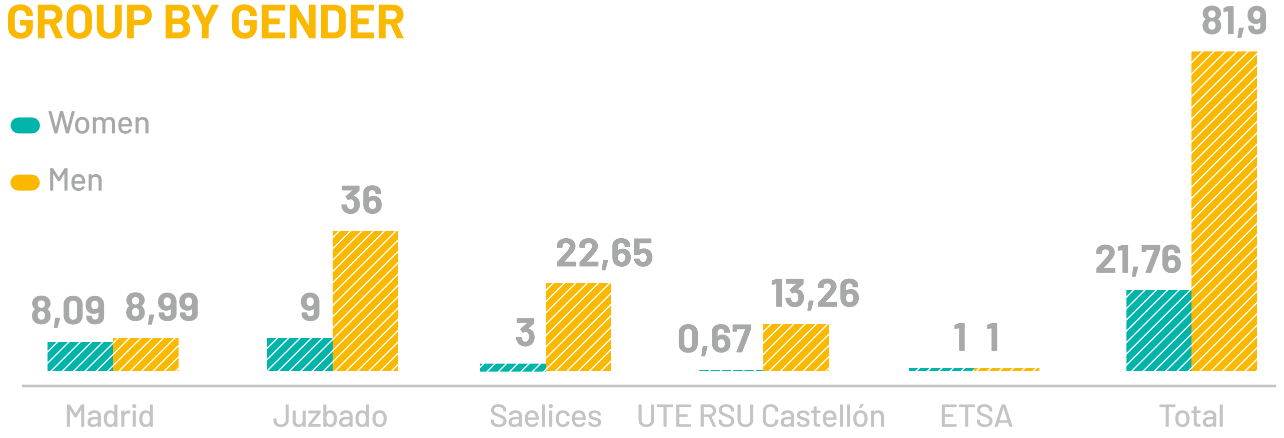
EVOLUTION OF THE ENUSA GROUP STAFF



There are also external workers in the facilities of the ENUSA Group, employed by contractors who provide maintenance, cleaning and security services (all ENUSA work centres), gardening (Juzbado and Saelices), laundry (Juzbado), driving and transport (Madrid), cleaning and IT services (ETSA).

The average staff of contractor employees who have worked in our facilities in 2018 has amounted to:

NO. OF CONTRACTED WORKERS IN THE ENUSA GROUP BY GENDER



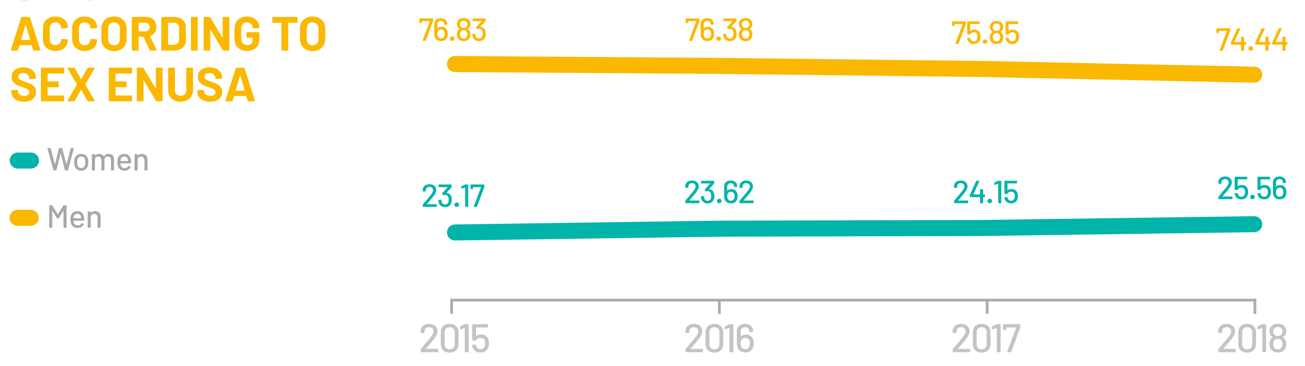
The subsidiary Emgrisa has not reported its no. of contracted workers in 2018

Below are a series of tables and graphs showing different breakdowns of the workforce of ENUSA and its subsidiaries in terms of gender, age, work centres, autonomous communities, professional categories, types of employment contract, etc. Where possible the data from the last four years is given so that changes in the workforce can be observed. All the data is presented for 31 December 2018.

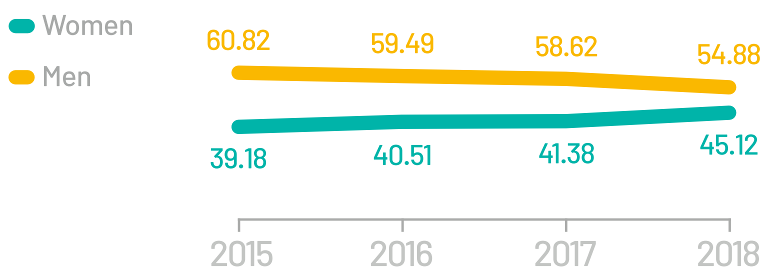
GROUP ENUSA STAFF BROKEN DOWN BY SEX

	2015			2016			2017			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Madrid	118	76	**194**	116	79	**195**	119	84	**203**	118	97	**215**
Juzbado	339	62	**401**	338	62	**400**	337	64	**401**	347	66	**413**
Saelices	16	5	**21**	21	5	**26**	26	4	**30**	27	4	**31**
UTE RSU Castellón	11	3	**14**	10	4	**14**	8	4	**12**	9	5	**14**
TOTAL ENUSA	484	146	**630**	485	150	**635**	**490**	156	**646**	501	**172**	**673**
Emgrisa	34	20	**54**	37	20	**57**	38	21	**59**	38	23	**61**
ETSA	37	5	**42**	35	8	**43**	35	8	**43**	38	8	**46**
TOTAL subsidiaries	71	25	**96**	72	28	**100**	73	29	**102**	76	31	**107**
TOTAL GROUP	555	171	**726**	557	178	**735**	563	185	**748**	577	203	**780**

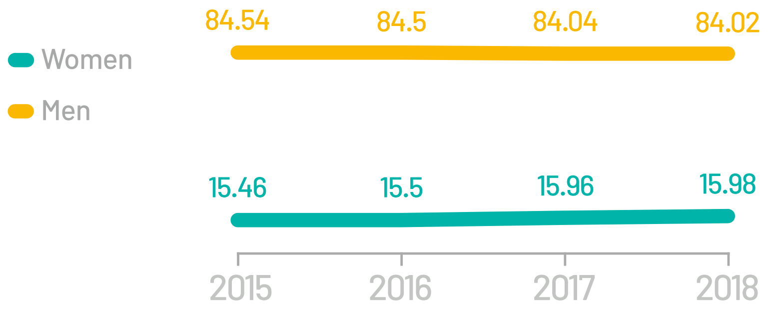
PERCENTAGE OF STAFF ACCORDING TO SEX ENUSA



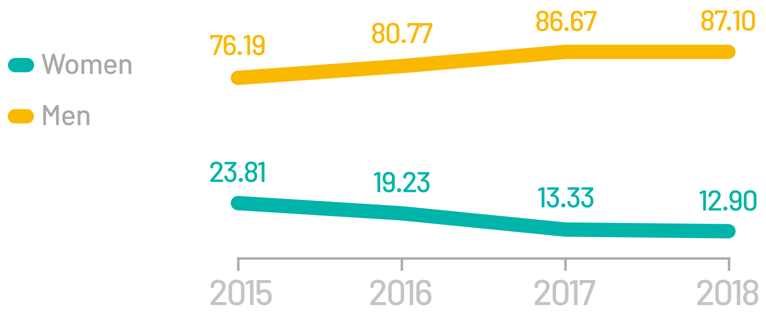
PERCENTAGE OF STAFF ACCORDING TO SEX MADRID



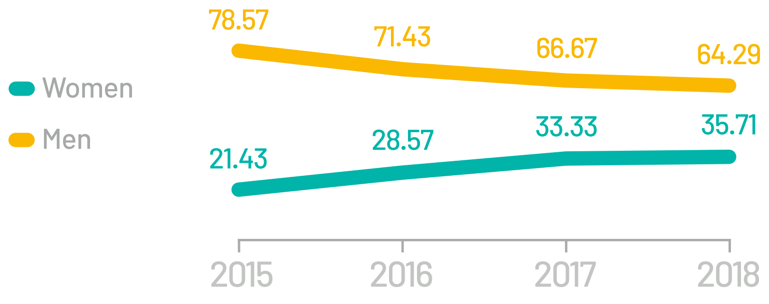
PERCENTAGE OF STAFF ACCORDING TO SEX JUZBADO



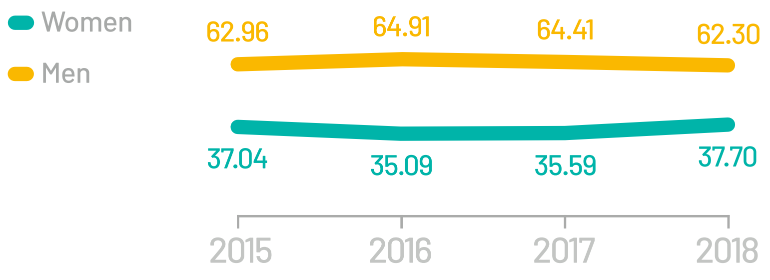
PERCENTAGE OF STAFF ACCORDING TO SEX SAELICES



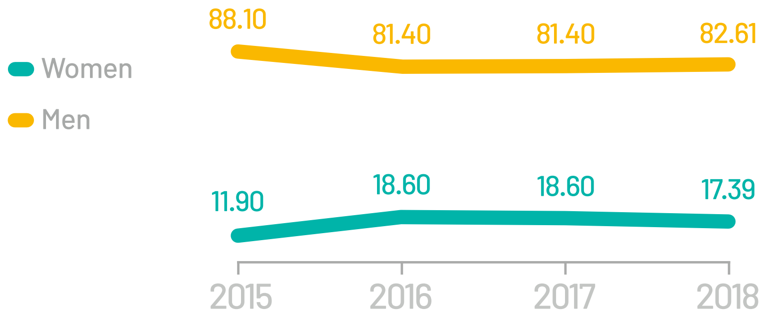
PERCENTAGE OF STAFF ACCORDING TO SEX UTE RSU CASTELLÓN



PERCENTAGE OF STAFF ACCORDING TO SEX EMGRISA



PERCENTAGE OF STAFF ACCORDING TO SEX ETSA



ENUSA STAFF BROKEN DOWN BY SEX, AGE GROUP AND AUTONOMOUS REGION

	COMMUNITY OF MADRID				CASTILLA Y LEÓN								COMMUNITY OF VALENCIA		TOTAL	
	MADRID		EMGRISA (*)		JUZBADO		SAELICES		ETSA		TOTAL CASTILLA Y LEÓN		UTE RSU CASTELLÓN			
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
>60	26	13	2	1	60	3	7		2		**69**	**3**			**97**	**17**
56-60	23	15	3		58	10		2	7		**65**	**12**			**91**	**27**
51-55	16	7	4	2	30	8	4		3		**37**	**8**	1		**58**	**17**
41-50	15	26	17	12	32	12	2	1	13	2	**47**	**15**	1	5	**80**	**58**
31-40	21	19	12	6	90	22	4		10	3	**104**	**25**	1		**138**	**50**
<31	17	17		2	77	11	10	1	3	3	**90**	**15**	6		**113**	**34**
TOTAL	**118**	**97**	**38**	**23**	**347**	**66**	**27**	**4**	**38**	**8**	**412**	**78**	**9**	**5**	**577**	**203**

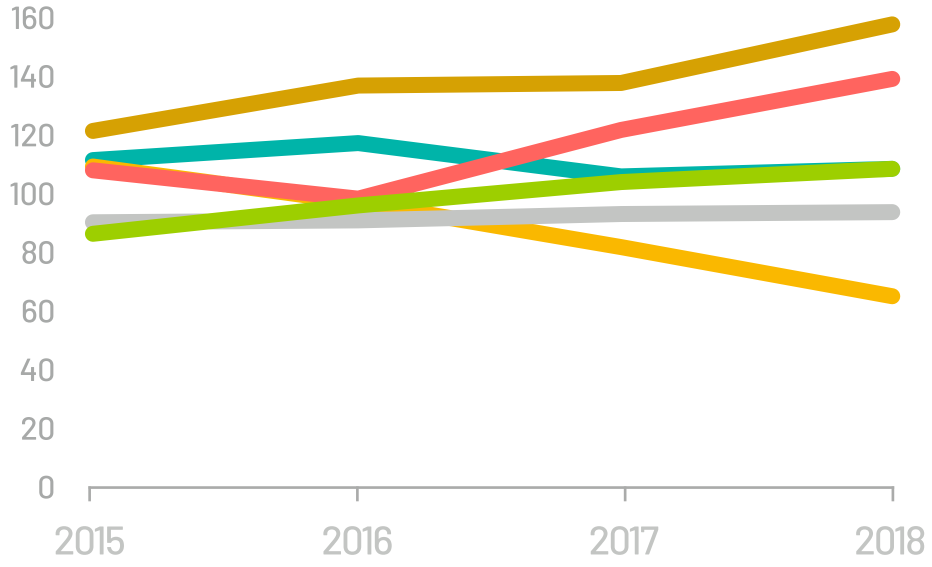
(*) For the purpose of this table Emgrisa in the Community of Madrid is included, although the geographical distribution of the workforce is as follows: Communit y of Madrid 77%, Castilla-La Mancha 7%, Extremadura 5%, Castile and Leon 2%, Andalusia 2% and foreign 8%.

EVOLUTION OF THE GROUP ENUSA STAFF ACCORDING TO AGE AND SEX GROUPS

	2015			2016			2017			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
>60	77	13	**90**	83	17	**100**	95	14	**109**	97	17	**114**
56-60	96	20	**116**	103	21	**124**	92	20	**112**	91	27	**118**
51-55	94	26	**120**	85	21	**106**	69	23	**92**	58	17	**75**
41-50	85	42	**127**	75	49	**124**	79	52	**131**	80	58	**138**
31-40	105	55	**160**	124	51	**175**	123	51	**174**	138	50	**188**
<31	98	15	**113**	87	19	**106**	105	25	**130**	113	34	**147**
TOTAL	**555**	**171**	**726**	**557**	**178**	**735**	**563**	**185**	**748**	**577**	**203**	**780**

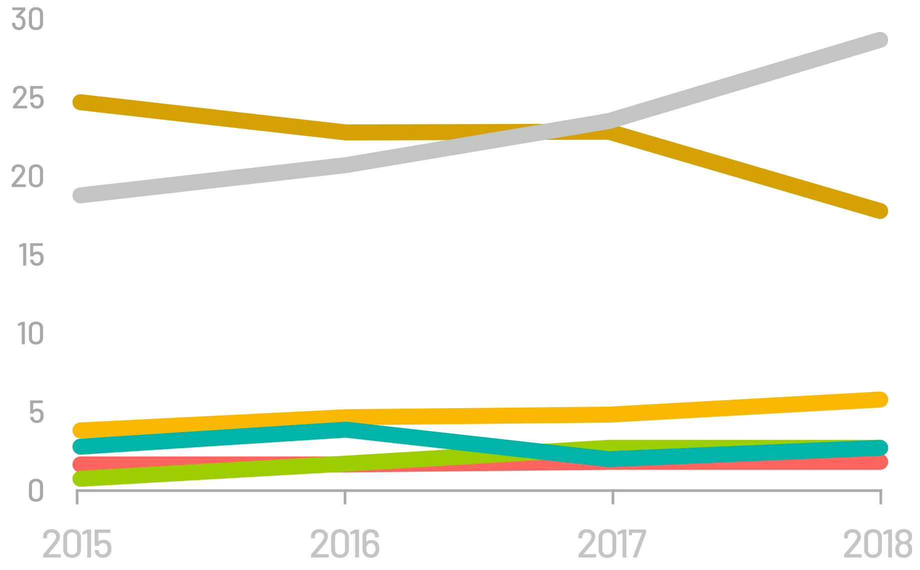
EVOLUTION OF THE GROUP ENUSA STAFF ACCORDING TO AGE GROUPS

- <31
- 31-40
- 41-50
- 51-55
- 56-60
- >60



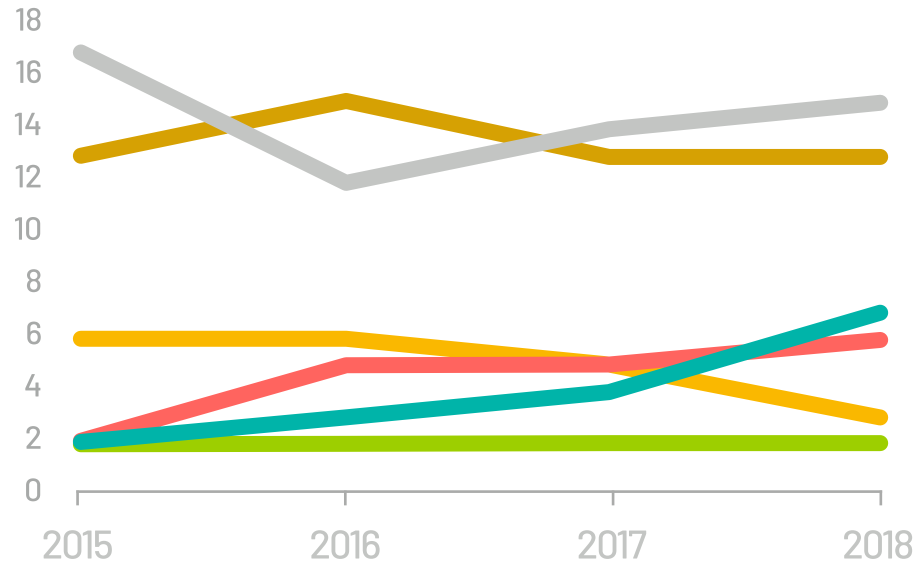
EVOLUTION OF EMGRISA STAFF ACCORDING TO AGE GROUPS

- <31
- 31-40
- 41-50
- 51-55
- 56-60
- >60



EVOLUTION OF ETSA STAFF ACCORDING TO AGE GROUPS

- <31
- 31-40
- 41-50
- 51-55
- 56-60
- >60



PERCENTAGE OF EMPLOYEES ACCORDING TO PROFESSIONAL CATEGORY AND SEX

	ENUSA								EMGRISA		ETSA	
	MADRID		JUZBADO		SAELICES		UTE RSU CASTELLÓN					
Professional Category	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
Senior degree holders	42.5%	57.5%	32.3%	67.7%	40%	60%	33.3%	66.7%	41.2%	58.8%	50%	50%
Intermediate degree holders (*)	25%	75%	18.8%	81.3%	0%	100%	0%	0%	42.9%	57.1%	0%	100%
Administrative personnel	63.4%	36.6%	71.4%	28.6%	33.3%	66.7%	100%	0%	100%	0%	50%	50%
Rest of personnel	16.7%	83.3%	5%	95%	0%	100%	30%	70%	0%	100%	0%	100%
TOTAL	**45.1%**	**54.9%**	**16%**	**84%**	**12.9%**	**87.1%**	**35.7%**	**64.3%**	**37.7%**	**62.3%**	**17.4%**	**82.6%**

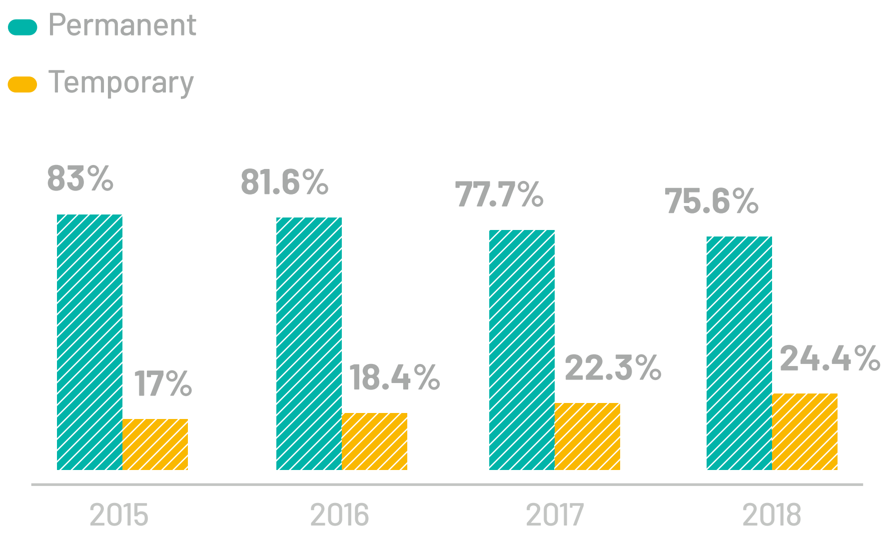
(*) In the case of ETSA, Traffic and Workshop Supervisors

PRESENCE OF WOMEN IN THE GROUP ENUSA

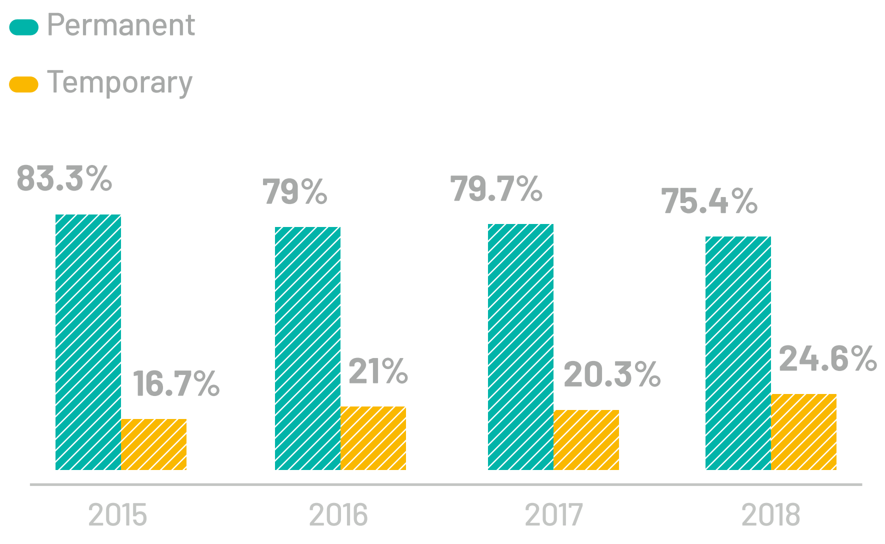
	2015	2016	2017	2018	Δ%
% WOMEN ON STAFF	**23.55%**	**24.22%**	**24.73%**	**26.03%**	**1.29%**
Madrid	39.2%	40.5%	41.4%	45.1%	3.7%
Juzbado	15.5%	15.5%	16%	16%	0%
Saelices el Chico	23.8%	19.2%	13.3%	12.9%	-0.4%
UTE RSU Castellón	21.4%	28.6%	33.3%	35.7%	2.4%
Emgrisa	37%	35.1%	35.6%	37.7%	2.1%
ETSA	11.9%	18.6%	18.6%	17.4%	-1.2%
% WOMEN IN MANAGEMENT POSTS (*)					
Madrid	25%	24.1%	21.4%	18.6%	-2.9%
Juzbado	17.7%	16.1%	17.2%	16.7%	-0.5%
Saelices el Chico	40%	40%	50%	25%	-25%
UTE RSU Castellón	25%	25%	25%	20%	-5%
Emgrisa	30%	30%	30%	30%	0%
ETSA	33.3%	50%	50%	50%	0%
% WOMEN ON EXECUTIVE COMMITTEE					
ENUSA	12.5%	12.5%	12.5%	25%	12.5%
Emgrisa	33.3%	33.3%	33.3%	33.3%	0%
ETSA	0%	0%	0%	0%	0%
% WOMEN ON BOARD OF DIRECTORS					
ENUSA	45.5%	41.7%	50%	45.4%	-4.6%
Emgrisa	0%	0%	0%	0%	0%
ETSA	0%	0%	0%	0%	0%

(*) % over total number of senior and middle management posts.

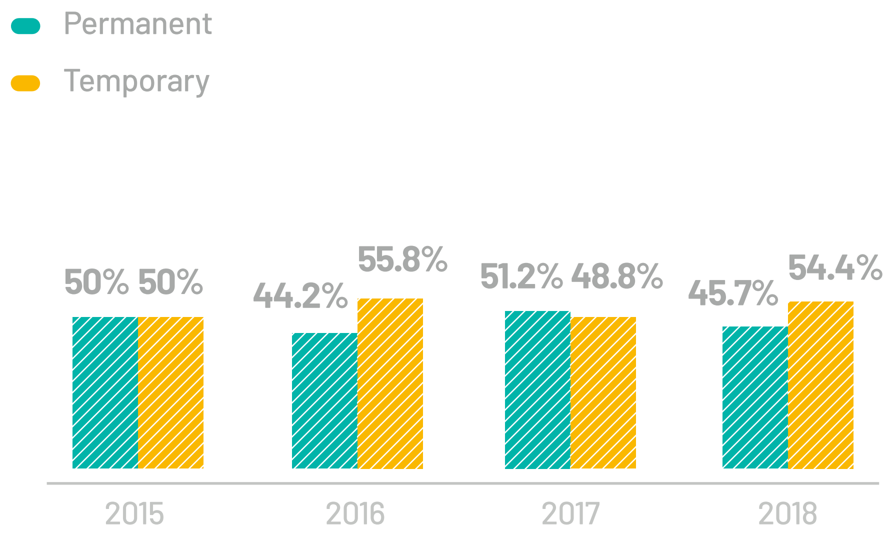
PERCENTAGE OF STAFF ACCORDING TO CONTRACT TYPE ENUSA



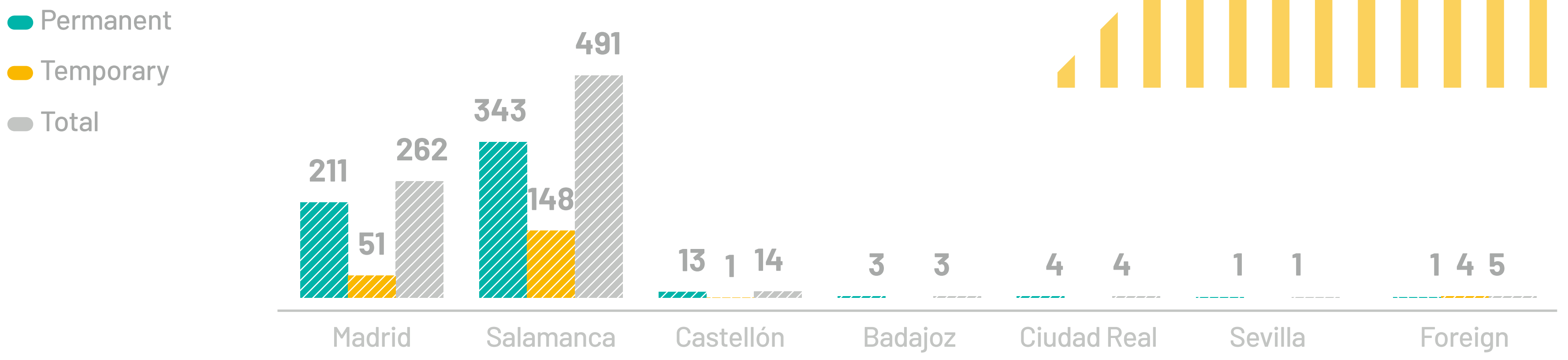
PERCENTAGE OF STAFF ACCORDING TO CONTRACT TYPE EMGRISA



PERCENTAGE OF STAFF ACCORDING TO CONTRACT TYPE ETSA

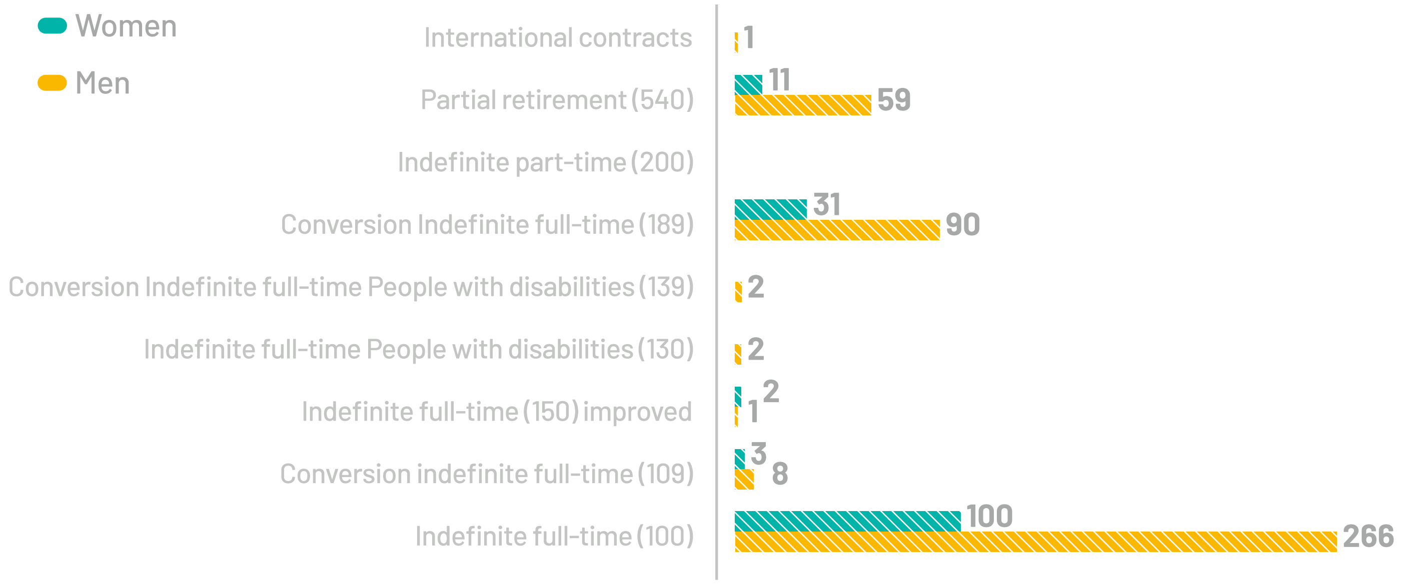


THE GROUP ENUSA STAFF BY EMPLOYMENT CONTRACT AND REGION 2018

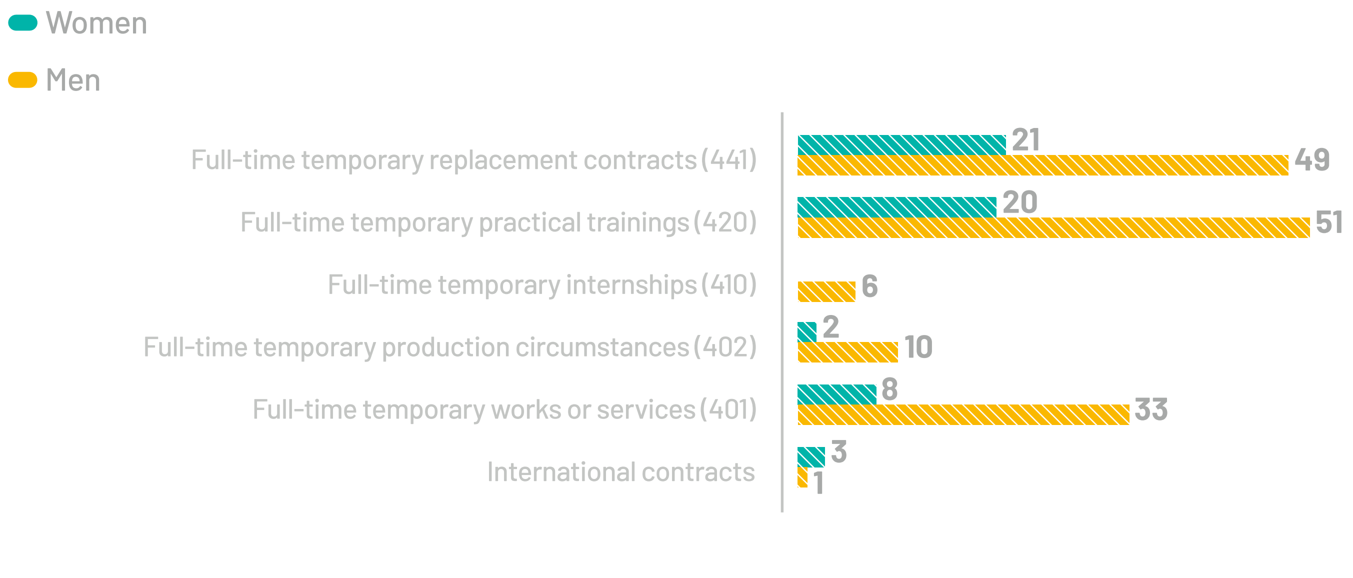


Total number and distribution of types of employment contract in the ENUSA Group:

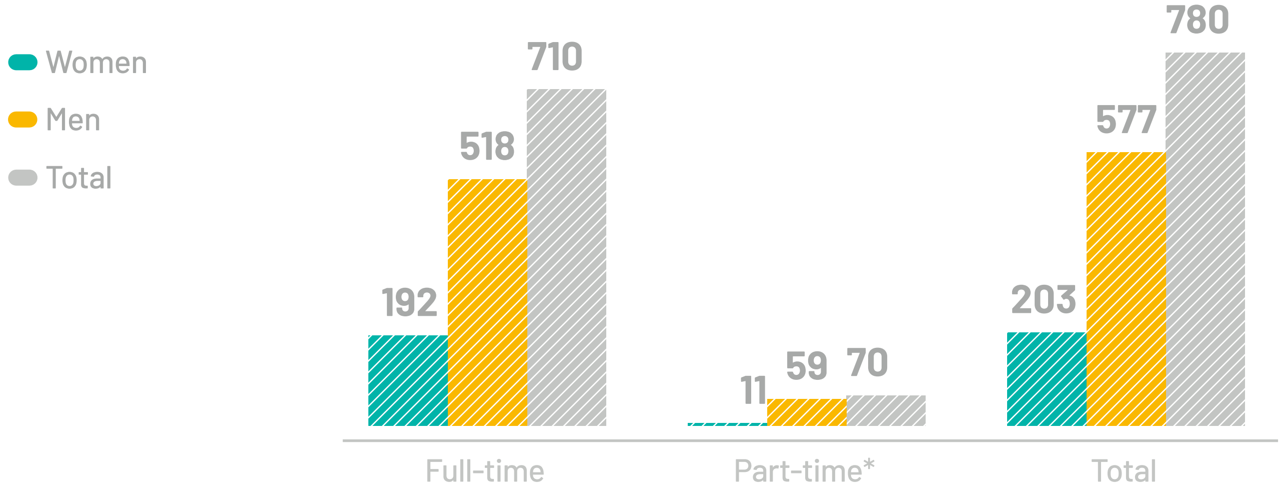
INDEFINITE



TEMPORARY

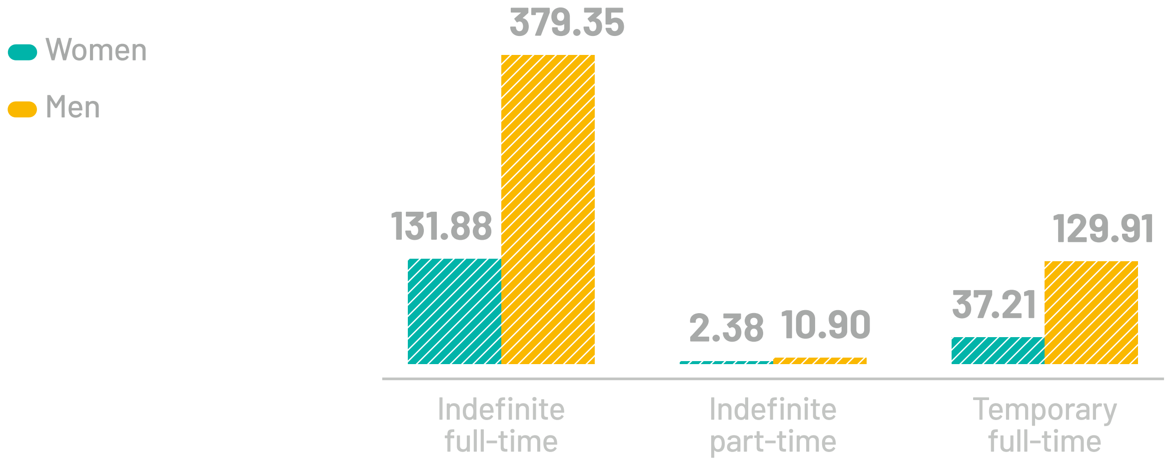


THE GROUP ENUSA STAFF BY CONTRACT TYPE AND SEX 2018



(*) Part time hiring includes those workers that are incorporated in the partial retirement plan through handover contract. According to the above, 91.03% of the staff of the Group ENUSA works full time.

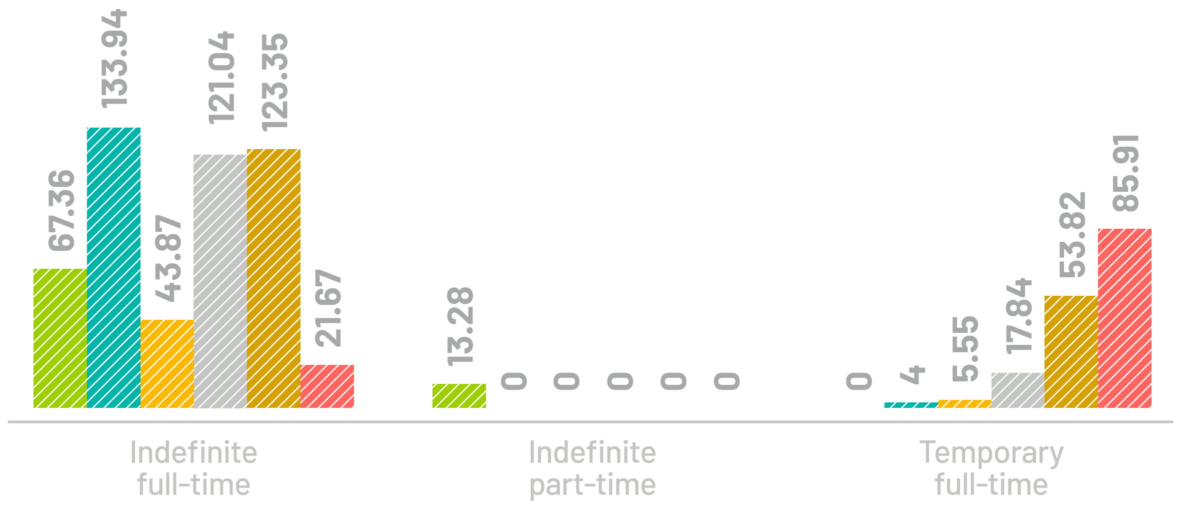
ANNUAL AVERAGE OF INDEFINITE, TEMPORARY AND PART-TIME CONTRACTS BY GENDER IN THE ENUSA GROUP



There are no temporary part-time contracts in the ENUSA Group in 2018

ANNUAL AVERAGE OF INDEFINITE, TEMPORARY AND PART-TIME CONTRACTS BY AGE IN THE ENUSA GROUP

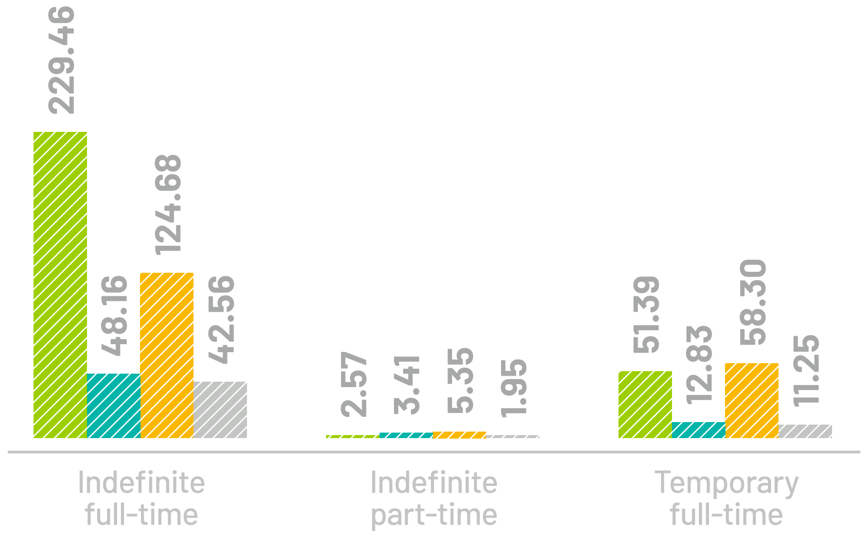
- >60
- 55-60
- 51-55
- 41-50
- 31-40
- <31



There are no temporary part-time contracts in the ENUSA Group in 2018

ANNUAL AVERAGE OF INDEFINITE, TEMPORARY AND PART-TIME CONTRACTS BY PROFESSIONAL CATEGORY IN ENUSA

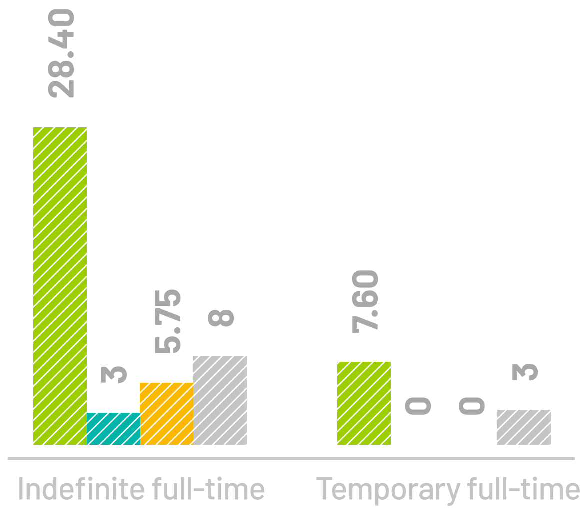
- Graduates
- Administration
- Production Management
- Laboratories and Control



There are no temporary part-time contracts in ENUSA in 2018

ANNUAL AVERAGE OF INDEFINITE, TEMPORARY AND PART-TIME CONTRACTS BY PROFESSIONAL CATEGORY IN EMGRISA

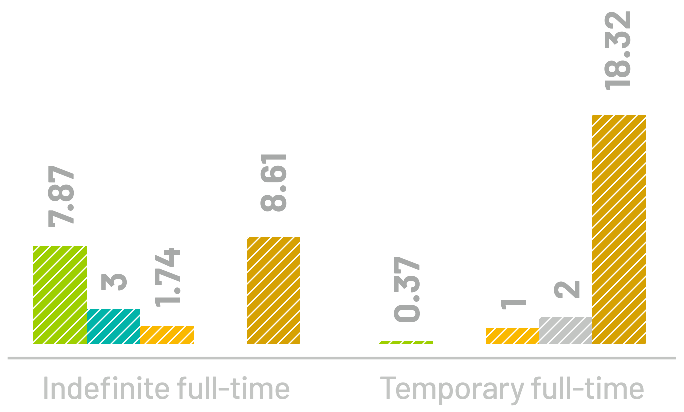
- Graduates
- Other qualified personnel
- Administration
- Operators, drivers



There are no part-time contracts in Emgrisa in 2018

ANNUAL AVERAGE OF INDEFINITE, TEMPORARY AND PART-TIME CONTRACTS BY PROFESSIONAL CATEGORY IN ETSA

- Engineers and Degree Holders
- Administration and Workshop Supervisors
- Administration Officers
- Administrative Support
- 1st and 2nd class workers (Drivers)



There are no part-time contracts in ETSA in 2018

EMPLOYMENT

The employment policies of the ENUSA Group since 2012 have been adapted to the framework set by the annual Budget Act. Hiring is essentially in the modalities of temporary contracts, mainly for internships, and indefinite contracts based on application of the replacement rate legally stipulated for a company with profits in the last two years.

In 2018, 124 people have been hired in the ENUSA Group, with the following breakdown by company, sex and age:

RECRUITMENT BY AGE AND SEX OF THE ENUSA GROUP

	ENUSA										EMGRISA		ETSA		TOTAL ENUSA GROUP	
	MADRID		JUZBADO		SAELICES		UTE RSU CASTELLÓN		TOTAL ENUSA							
AGE GROUPS	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
16 to 19															0	0
20 to 24	1	2	4	1			1		6	3			2	1	8	4
25 to 30	7	9	34	7	4				45	16		2		2	45	20
31 to 39	3	5	14	1	1		1		19	6		1	3		22	7
40 to 44	1					1			1	1	2		4		7	1
45 to 49		2	1					1	1	3			1		2	3
50 to 59	1	3							1	3					1	3
60 to 64															0	0
>65	1								1						1	0
TOTAL	14	21	53	9	5	1	2	1	74	32	2	3	10	3	86	38
TOTAL	35		62		6		3		106		5		13		124	

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Below is the rate of personnel turnover in 2018, broken down by gender and age:

EMPLOYEE TURNOVER ENUSA

	MADRID		JUZBADO		SAELICES		UTE RSU CASTELLÓN		TOTAL CENTRES	
AGE GROUPS	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
16 to 19										
20 to 24		0.47%			3.23%		21.43%		0.59%	0.15%
25 to 30	1.86%	2.33%	6.05%	0.73%	10%		7.14%		4.90%	1.19%
31 to 39	2.79%	0.93%	4.12%	0.73%	6.45%	3.23%			3.71%	0.89%
40 to 44	0.93%	0.47%	0.24%	0.24%			7.14%		0.59%	0.30%
45 to 49	0.47%								0.15%	
50 to 59		0.93%	0.24%						0.15%	0.30%
60 to 64	1.40%		2%		3.23%				1.78%	
>65	2.33%		0.73%						1.19%	
TOTAL	9.77%	5.12%	13.32%	1.69%	22.58%	3.23%	35.71%		13.08%	2.82%
TOTAL	14.88%		15.01%		26%		35.71%		15.90%	

EMPLOYEE TURNOVER ENUSA GROUP

	ENUSA		EMGRISA		ETSA		TOTAL ENUSA GROUP	
AGE GROUPS	Men	Women	Men	Women	Men	Women	Men	Women
16 to 19								
20 to 24	0.59%	0.15%				2.17%	0.51%	0.26%
25 to 30	4.90%	1.19%				4.35%	4.23%	1.28%
31 to 39	3.71%	0.89%			4.35%		3.46%	0.77%
40 to 44	0.59%	0.30%	1.64%	1.64%	6.52%		1.03%	0.38%
45 to 49	0.15%				2.17%		0.26%	
50 to 59	0.15%	0.30%	1.64%				0.26%	0.26%
60 to 64	1.78%						1.54%	
>65	1.19%				2.17%		1.15%	
TOTAL	13.08%	2.82%	3.28%	1.64%	15.22%	6.52%	12.44%	2.95%
TOTAL	15.90%		4.92		21.74%		15.38%	

There have been 33 voluntary redundancies in the ENUSA Group in the last four years.

JOB PLACEMENT FOR PEOPLE WITH DISABILITIES

Article 42.1 of Royal Legislative Decree 1/2013 of November 29, which approves the Restated Text of the General Law on the rights of people with disabilities and their social inclusion, states that public and private enterprises that employ 50 or more workers will be required to have at least 2 people with disabilities for every 100 workers. However, on an exceptional basis, they may be exempted from this obligation provided they apply the alternative measures laid down in Royal Decree 364/2005 of April 8, which regulates the exceptional alternative to the quota of jobs reserved for people with disabilities.

In accordance with this legal obligation, in 2018 ENUSA, in addition to having eight workers with disabilities on the staff, made donations amounting to €58,086.27 to the following associations/ foundations:

ASSOCIATIONS/FOUNDATIONS	ACTIVITY	AMOUNT 2018
MADRID		**€24,894.09**
AFANIAS	ASSOCIATION FOR PEOPLE WITH DISABILITIES	€8,298.03
ANGEL RIVIERE FOUNDATION	ASPERGER'S SYNDROME	€8,298.03
JUAN XXIII FOUNDATION	INTEGRATION OF PEOPLE WITH INTELLECTUAL DISABILITIES	€8,298.03
SALAMANCA		**€24,894.09**
ASDEM	SALAMANCA MULTIPLE SCLEROSIS ASSOCIATION	€8,298.03
ASPACE	ASSOCIATION OF PARENTS OF PERSONS WITH CEREBRAL PALSY AND SIMILAR ENCEPHALOPATHIES	€8,298.03
ASSOC. ASPRODES	PROVINCIAL ASSOCIATION OF MENTALLY HANDICAPPED PERSONS OF SALAMANCA (VIVEROS EL ARCA)	€8,298.03
TOLEDO		**€8,298.09**
TOLEDO DOWN ASSOC.	TOLEDO DOWN SYNDROME ASSOCIATION	€8,298.09
TOTAL		**€58,086.27**

Universal Access

The ENUSA Group works actively to improve Universal Access to ensure that everyone, regardless of their ability, can use the spaces, goods and services independently, without impediment.

Renovation work was carried out in 2016 and 2017 in the **ENUSA work centre in Madrid**, also the head offices of **Emgrisa** since the end of 2017, located at number 12, Calle Santiago Rusiñol. The old offices were built in 1973, and the renovation work entailed a thorough reform and modernization of all spaces and installations, except the structure of the building, to adapt them to today's needs and all the relevant legislation. This means that the idea and execution of the project, in terms of universal access for disabled people, was applied and is in compliance with the following laws:

- *Royal Decree 505/2007, of 20 April, approving the basic conditions for access and non-discrimination against disabled persons in their access and use of planned urban spaces and public buildings.*
- *Technical Building Code. SUA (Security of Use and Access) Basic Document.*

In this sense, the building access is at ground level and the different levels can be reached through suitable ramps. One of the two lifts available has the required dimensions and is adapted for use by disabled persons to access the various floors. There is an alternative entrance to the access control turnstiles that is large enough to allow wheelchairs to pass. There is no lift to access the floor -1, so a stairlift has been installed.

All the floors of the office have an accessible itinerary on one level joining the whole floor with the vertical communication points which are accessible and large enough for a person in a wheelchair to move around in. These itineraries, like the rest of the office, have been fitted with anti-slip flooring and suitable indications. Once of the different fire alarm evacuation routes established on each floor always matches the accessible route, and the emergency exits on these accessible routes are always on the same level in all floors of the office block.

The work spaces have been measured for clear areas, having the dimensions required for disabled people, and the office has three toilets adapted to disabled people on Floors 0 (two toilets) and 1 (one toilet), located on the accessible routes and fully accessible from the other floors.

The arrangement of the stairs giving access to the different floors has been reset to adapt them to modern demands for safe use, extending the length of the rest areas and eliminating areas with single steps.

Once the project was finished, with all corrections and adaptations completed, when the new offices comply fully with the relevant legislation, including those concerning access for the disabled, they received the operating license from Madrid City Council on 16 July 2018.

The **Juzbado factory** is an installation designed to ensure universal access, taking into consideration that this access must prioritise user safety and be compatible with the requirements derived from its activity as a factory, classified in accordance with the Regulations for Nuclear and Radioactive Installations as a nuclear facility.

The **Environmental Centre of Saelices el Chico** includes public facilities and buildings dating from early 1980, and therefore conforming to the building standards for access at this time, taking into account the functions needed for the mining and manufacturing of concentrated uranium in a predominantly natural environment.

With reference to R.D. 505/2007, of 20 April, approving the basic conditions for access and non-discrimination of the disabled in the access and use of planned public spaces and buildings, considering the built environment and buildings at the entrance to the property in this sense, in the Fifth Additional Provision states that *" The basic conditions of access and non-discrimination in the access and use of public buildings and spaces approved in virtue of this royal decree shall be mandatory from 1 January 2019 for planned public buildings and spaces that may reasonably be adapted to this use."*

Given the specific characteristics of the installation, it is considered that universal access to the current Office and Training Room building must be guaranteed. These buildings can offer many types of services to persons with various disabilities, for their inclusion in the workforce or simply as visitors, and reasonable adjustments can be made to ensure universal access to them. A series of minor interventions are planned for this purpose during 2019 which will enable disabled people to work here, with accessible offices, routes with sufficient width, adapted toilets and universal access to the building from the car park.

The **ETSA work centre** is located inside a two-storey office building shared with other companies. Employees enter at the front of the building, with direct access from the exterior car park. The ETSA office is on the ground floor at street level and its main entrance is easy and safe for all persons. There are steps and an alternative ramp to bridge the difference in level between the street and the entrance to the building. Once inside the office, the routes for circulation and working are suitable, without changes in level across the whole floor. The adapted toilets are on the same floor, in the shared common space of the building.

EQUALITY

The commitment of the ENUSA Group to prevent situations of discrimination of any kind, for gender, race, sexual orientation, ideology or religion is reflected in many documents signed by the companies that are binding in terms of corporate governance and organizational practices. The agreements signed for this purpose clearly show this commitment and, besides the ENUSA Equality Plan, we can also include the Code of Conduct and adherence to the Global Compact of the United Nations.

The agreement between the Management and Legal Representatives of the Employees in 2011 resulted in ENUSA signing its Equality Plan as an expression of its firm commitment to the principles of equality and non-discrimination of employees on the basis of sex, in compliance with Organic Law 3/2007 of 22 March on effective equality between Women and Men.

The Equality Committee was created as the body responsible for overseeing implementation and compliance of the ENUSA Equality Plan through annual monitoring of the indicators foreseen in the Plan, which are the tools used to assess the progress of the measures applied. The ENUSA Equality Plan does not specify extraordinary measures, but the policy is included in normal management and human resources practices. This is why it is important to monitor the indicators of management equality, and for the Committee to issue annual reports with details of these indicators.

ENUSA also has an activity protocol for the prevention and eradication of sexual harassment as part of the Equality Plan, with notification and awareness actions for the workforce.

In April and May 2018, respectively, ENUSA and its subsidiaries ETSA and Emgrisa signed an Adhesion Agreement for the Collaboration Convention to promote awareness of Gender-based violence with the State Industrial Agency SEPI (Sociedad Estatal de Participaciones Industriales) and the Ministry of Health, Social Services and Equality, accepting and adopting the commitment to take part in awareness campaigns and for the prevention of gender-based violence.

The whole ENUSA Group signed the "Companies for a society free of gender-based violence" campaign, along with other public companies that have taken part since 2013, to promote actions to raise awareness about gender-based violence and the ensure greater reach and impact of the message *#haysalida* (there is a way out).

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hay salida
a la violencia de género
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COLLECTIVE BARGAINING AND TRADE UNION REPRESENTATION

The Code of Conduct shows the ENUSA Group's interest in monitoring compliance of Human Rights among its workforce, especially those related with business, including the right of association (union rights and collective bargaining rights).

The working conditions and productivity of 86.3% of the ENUSA workers are regulated by the specific Collective Bargaining Agreements of each work centre, negotiated between the management and the different company workers' committees. The remaining 13.7% is personnel with individual contracts (PRI) who have a particular labour relationship with the company.

The three company work centres also have trade union representation, as seen in the following table.

To facilitate communication between the employees and their representatives, the trade unions and workers' committees in each centre have specific forums on the Intranet, as well as physical bulletin boards in the work centres and their own email accounts.

In **Emgrisa**, the arrangements for dialogue, including procedures for informing and consulting employees and negotiating with them take place through Delegates, so that 100% of workers are covered by the collective agreement for companies in the engineering sector and engineering offices.

In **ETSA** current agreements and treaties with the unions are governed by the collective agreement for road haulage in the province of Salamanca and/or the workers' statutes. The Organ for worker representation consists of three delegates (two from Comisiones Obreras and one independent), in accordance with the result of the elections held on 7 December 2013.

TRADE UNION REPRESENTATION ENUSA 2018

TRADE UNION	COMMUNITY OF MADRID		CASTILLA Y LEÓN						COMMUNITY OF VALENCIA			
	MADRID		JUZBADO		SAELICES		TOTAL CASTILLA Y LEÓN		UTE RSU CASTELLÓN		TOTAL	
	No	%	No	%	No	%	No	%	No	%	No	%
USO	0	0%	3	23.1%	0	0%	3	21.4%	0	0%	3	13%
CC.OO.	0	0%	5	38.5%	1	100%	6	42.9%	0	0%	6	26.1%
UGT	9	100%	5	38.5%	0	0%	5	35.7%	0	0%	14	60.9%
OTHERS (1)	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
TOTAL	9	100%	13	100%	1	100%	14	100%	0	0%	23	100%

(1) CSI-CSIF, CITE, Independent, etc.

REMUNERATION POLICY AND PRODUCTIVITY

The right to satisfactory and equal work conditions in another of the commitments to Human Rights assumed under the Code of Conduct and applied across all companies in the Group.

ENUSA uses a job assessment system to ensure equal opportunities in employee hiring, remuneration and promotion. This system consists of a points-per-factor evaluation on the basis of which a qualitative hierarchy of values is established for each job post, allowing for impartiality when evaluating the requirements for performing the job and the wage compensation, regardless of the person who holds the job.

The elements of this procedure are:

- Task Analysis and Assessment.
- Job Post Task Assessment System.
- Mixed Assessment Committee.
- Job Assessment Manual.

COMPARISON OF THE INTERPROFESSIONAL MINIMUM WAGE (SMI) WITH THE WAGE LEVELS OF ENUSA

ENUSA WAGE LEVELS	ENUSA WAGE LEVELS COMPARED TO SMI 2017 (*)	ENUSA WAGE LEVELS COMPARED TO SMI 2018 (*)
XIV	16.43%	17.08%
XIII	17.98%	18.70%
XII	19.69%	20.47%
XI	21.52%	22.38%
X	23.39%	24.32%
IX	25.30%	26.31%
VIII	28.40%	29.53%
VII	31.78%	33.04%
VI	35.44%	36.85%
V	39.55%	41.13%
IV	43.89%	45.64%
III	48.57%	50.50%
II	53.42%	55.55%
I	58.23%	60.55%

(*) The SMI corresponding to 2017 is €9,907.80. (*) The SMI corresponding to 2018 is €10,302.60.
The wage levels of UTE-RSU Castellón are not included because they are governed by the collective agreement of the sector of public sanitation, road cleaning, irrigation, waste collection, treatment and disposal, sewer system cleaning and maintenance (code of agreement no. 99010035011996), being totally different from the collective agreements of the centres of ENUSA (Madrid, Juzbado and Saelices).

Direct supervisors conduct quarterly performance assessments of the personnel who report to them to accurately track the staff activities and performance. These assessments take the following points into consideration:

- Strengths: positive behaviours, exceptional actions, achievement of targets, etc.
- Areas for improvement: deficiencies found in the subordinate's performance, proposed solutions, etc.
- Future prospects.
- Proposals for improvement: training recommendations.

Annual personnel assessment interviews are also held in order to boost productivity and check that the company strategy has been communicated and understood. There is also a Variable Collective Productivity Incentive to motivate the workers to directly participate in the company results. This incentive consists of an annual economic remuneration contingent on achievement of the targets set between the management and the workers' committees of the different work centres.

The Executive Committee members are subject to annual evaluations, in this case by SEPI, the main shareholder of ENUSA. The remuneration of Committee members consists of a fixed sum plus a variable amount conditions by the achievement of targets set annually, in accordance with Royal Decree 451/2012, of 5 March, regulating the remuneration policy for senior managers and directors in the public sector and other bodies.

The details of the average remunerations for full-time employees in ENUSA (data from UTE RSU Castellón not included) are shown below, broken down by gender, age and professional category.

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AVERAGE REMUNERATION FOR MEN WITH INDEFINITE CONTRACT BY AGE AND PROFESSIONAL CATEGORY ENUSA (€)

	GRADUATES	ADMINISTRATION	PRODUCTION MANAGEMENT	LABORATORIES AND CONTROL
>60	44,539.36	32,817.02	32,068.44	33,030.65
55-60	47,125.30	34,194.27	31,977.50	33,493.80
51-55	48,884.62	31,338.59	25,049.06	31,178.44
41-50	43,994.01		30,956.00	27,954.48
31-40	35,606.65	27,954.48	29,656.07	28,247.98
<31	31,930.15		26,907.45	27,954.48

AVERAGE REMUNERATION FOR WOMEN WITH INDEFINITE CONTRACT BY AGE AND PROFESSIONAL CATEGORY ENUSA (€)

	GRADUATES	ADMINISTRATION	PRODUCTION MANAGEMENT	LABORATORIES AND CONTROL
>60	47,792.64	31,451.20		
55-60	50,810.83	30,903.43	25,049.06	31,178.44
51-55	53,816.66	31,178.44	27,954.48	30,863.51
41-50	42,210.63	28,028.98	31,178.50	
31-40	35,759.73	31,178.44		25,049.06
<31	33,546.83			

AVERAGE REMUNERATION FOR MEN WITH TEMPORARY CONTRACT BY AGE AND PROFESSIONAL CATEGORY ENUSA (€)

	GRADUATES	ADMINISTRATION	PRODUCTION MANAGEMENT	LABORATORIES AND CONTROL
>60				
55-60				
51-55				
41-50	37,304.03	27,954.48	24,811.73	
31-40	31,794.15	25,049.06	23,857.65	25,338.84
<31	29,342.99	24,304.09	23,714.60	24,402.48

AVERAGE REMUNERATION FOR WOMEN WITH TEMPORARY CONTRACT BY AGE AND PROFESSIONAL CATEGORY ENUSA (€)

	GRADUATES	ADMINISTRATION	PRODUCTION MANAGEMENT	LABORATORIES AND CONTROL
>60				
55-60				
51-55			25,049.06	
41-50	31,178.42	25,049.06		
31-40	31,587.45	26,166.18		27,954.48
<31	29,362.79	23,193.22	22,745.11	22,745.11

Gender Salary Gap in the ENUSA Group

The notion of a salary gap refers to the difference in remuneration between men and women. It is expressed as a percentage that, when negative, means that women are penalised, while a positive percentage means that the salary gap penalises men.

The details of the calculation of the gender salary gap in the ENUSA Group are given below, broken down by professional category and type of contract. The following consideration must be taken into account when interpreting this data:

- The calculation excludes those in partial retirement, because the effect of this group's 25% working week and salary would distort the data in this sense.
- Given that there is no reduction of the working day greater than 20%, this is not excluded from the calculation.

ENUSA - INDEFINITE CONTRACTS (WITHOUT SENIOR MANAGEMENT)

	>60	55-60	51-55	41-50	31-40	<31
Graduates	6.81%	7.25%	9.16%	-4.05%	0.43%	4.82%
Administration	-4.16%	-9.62%	-0.51%		10.34%	
Production Management		-21.67 (*)		0.71%		
Laboratories and Control		-6.91%	-1.01%		-11.32%	

(*) The gap in the group of Production Managers aged 55-60 is due to the scant number of women in the group and the fact that most of the group are men with significant variable remuneration.

ENUSA - TEMPORARY PERSONNEL

	>60	55-60	51-55	41-50	31-40	<31
Graduates				-16.42%	-0.65%	0.07%
Administration				-10.39%	4.46%	-4.57%
Production Management						-4.09%
Laboratories and Control					10.32%	-6.79%

UTE-RSU CASTELLÓN – INDEFINITE CONTRACTS

	>60	55-60	51-55	41-50	31-40	<31
Graduates				0%		
Administration						
Production Management				-14.96%		
Laboratories and Control						

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EMGRISA – INDEFINITE CONTRACTS

	>60	55-60	51-55	41-50	31-40	<31
Graduates			-25.38%	12.59%	6.20%	
Other qualified personnel						
Administrative personnel						
Operators, drivers						

EMGRISA – TEMPORARY CONTRACTS

	>60	55-60	51-55	41-50	31-40	<31
Graduates				-15.29%	28.45%	
Other qualified personnel						
Administrative personnel						
Operators, drivers						

ETSA – INDEFINITE CONTRACTS

	>60	55-60	51-55	41-50	31-40	<31
Engineers and Degree Holders				-17.53%		
Administration and Workshop Supervisors						
Administration Officers					12.63%	
Administrative Support						
1st and 2nd class workers (Drivers)						

ETSA - TEMPORARY PERSONNEL

	>60	55-60	51-55	41-50	31-40	<31
Engineers and Degree Holders						1.12%
Administration and Workshop Supervisors						
Administration Officers						
Administrative Support						1.22%
1st and 2nd class workers (Drivers)						

SOCIAL BENEFITS

The social benefits listed in this section are limited every year by the expenditure approved by the Tax Office for each salary bracket, in accordance with applicable laws and included in the Budget Act for the year in question, and applied in all cases related with personnel costs.

ENUSA Staff access to the social benefits varies depending on seniority in the company and in some cases, the type of employee contract, with no general rule existing.

Study Aid for Children

ENUSA offers study aid to the children of employees.

ASSISTANCE FUND FOR EMPLOYEES' CHILDREN 2018

	MADRID	JUZBADO	SAELICES	TOTAL
Amount (€)	69,854.40	101,305.67	3,741.46	174,901.53
No. of children benefited	130	157	6	293

Promotion of Birth Rate

ENUSA provides economic compensation as a bonus for each birth or legal adoption.

Orphan Allowances

In the event of death of a company worker, the company provides economic aid for the education of the children under 18 years of age.

Reconciliation of Family Life and Work

At ENUSA there is a flexible work-hour policy and the possibility of requesting reduced working hours, which is individually agreed between the worker and the company, to order to support the reconciliation of personal and family life and work.

WORKERS OF ENUSA GROUP WITH REDUCED WORKING HOURS

	2015		2016		2017		2018	
	Men	Women	Men	Women	Men	Women	Men	Women
Madrid	3	7	2	5	2	5	2	5
Juzbado	2	5	4	5	2	6	2	6
Saelices	0	0	0	0	0	0	0	0
UTE RSU Castellón	0	0	0	0	0	0	0	0
TOTAL ENUSA	**5**	**12**	**6**	**10**	**4**	**11**	**4**	**11**
ETSA	0	2	0	2	0	2	0	2
Emgrisa	1	5	1	6	1	5	1	4
TOTAL SUBSIDIARIES	**1**	**7**	**1**	**8**	**1**	**7**	**1**	**6**
TOTAL ENUSA GROUP	**6**	**19**	**7**	**18**	**5**	**18**	**5**	**17**

Maternity and Paternity

During 2018, 22 workers (4 women and 18 men) took maternity or paternity leave. During the same year, 22 workers (4 women and 18 men) returned to work after maternity or paternity leave.

RETURN-TO-WORK AND RETENTION RATES OF THE ENUSA GROUP 2018

	RETURN-TO-WORK RATE			RETENTION RATE		
	Women	Men	TOTAL	Women	Men	TOTAL
ENUSA	100%	100%	100%	100%	94.12%	95%
Emgrisa	100%	100%	100%	100%	100%	100%
ETSA	100%	100%	100%	–	100%	100%

Other Social Benefits

- Extra-wage aids for meals and transportation.
- Accident insurance and/or death and permanent or total disability insurance.
- Pension plan that can be voluntarily joined by all company workers with a recognized seniority of one year in the case of permanent employees and two years in the case of temporary employees. The company's contributions to the pension plan have been suspended since 2012 due to measures to restrict personnel costs in the state public sector included in the successive Budget Acts.
- 50% of the amount of any voluntary family medical insurance taken out by employees.
- Sick or accident leaves are not penalized, provided they are recognized by the Medical Service of the work centre, and 100% of the actual salary is received.
- Permanent workers on the staff are entitled to receive a loan worth four monthly payments of their net salary.
- The company provides guarantees for its permanent workers to financial and loan institutions for buying or remodelling their homes.

Seniority Prizes

The company awards the loyalty of its workers after 20 and 25 years of seniority in the company with a social and monetary recognition.

The subsidiary Emgrisa offers its employees different benefits such as accident insurance, a 50% payment towards medical insurance, luncheon vouchers or nursery vouchers, travelling expenses and support for training courses.

The social benefits in ETSA vary depending on factors such as professional category and time served. In this sense, employees can take advantage of expenses for food, transport or medical insurance, subject to agreement. The company also accepts to provide compatibility between employees' personal, family and professional lives with flexible timetables, reduced working hours and the option to adapt hours to personal and family circumstances under individual agreements.

2. Training

ANNUAL TRAINING ACTION PLAN

The goal of ENUSA's Training Action Plan is to guarantee that the company's human resources are able to comply with its legal requirements (code of conduct, crime prevention, risk prevention, data protection, etc.). Training is also necessary for compliance with the demands imposed by national and international bodies of the nuclear sector (safety of personnel and installations and the environment). A high degree of knowledge must be both proven and certified by the relevant authorities, based on the responsibilities of employees when performing critical functions in the organization (supervisors, operators and radiation protection offices) along with continuous safety training for the other employees.

On the other hand, the technology of our industry requires us to constantly update our knowledge to adapt to new developments in the sector, so we can maintain and improve our position in a highly competitive market, in Spain and abroad.

In short, training is a fundamental asset in our organization and one of the main elements that make us stand out for our clients, which is why ENUSA entrusts its training plan with its skills and the correct application of these, as well as the organization of courses.

Objectives:

- To comply with the current legislation enforced by different official agencies, in order to acquire and maintain worker proficiency in the safety and prevention measures for performing their functions.
- To maintain and improve worker qualification, in accordance with our values and in line with the continuous improvement of our position and competitiveness in the sector.
- To increase flexibility and adaptation to new technological changes and scenarios.
- To optimize training by weighing actions in accordance with the needs and priorities of the job posts.

Training action blocks that comprise the Plan:

- Compulsory training actions: required by the legislation and regulations applicable to the sector: Safety, Occupational Risk Prevention, Crime Prevention, Quality and Environment.
- Management training actions: recommended for strategic development for performance of cross-disciplinary functions.
- Technical training actions: required for adapting and updating the know-how and skills needed to perform the job functions.
- Multidisciplinary training actions: advisable for proper performance of different positions in the Organization.
- Competency-based training actions: suitable for addressing future strategies and cultural and organizational changes.

The actions integrated in the blocks and their recipients are identified and selected by the hierarchical heads of the organizational areas to which the employees belong, except for, generally, the mandatory training actions drawn up by the managers of the competent functional areas.

Emgrisa's training policy aims to increase professional skills, in both technical and management areas, to become more competitive, productive, profitable and to offer better quality, and to acquire and maintain its workers safety and prevention skills, to minimize the risks they face and to continuously improve the company's prevention systems.

ETSA's training programme is based on continuous assessment, improving efficiency in the organization and the search for technical effectiveness. It is reviewed annually under the following criteria, expected results, unexpected results, satisfaction of participants and application to work.

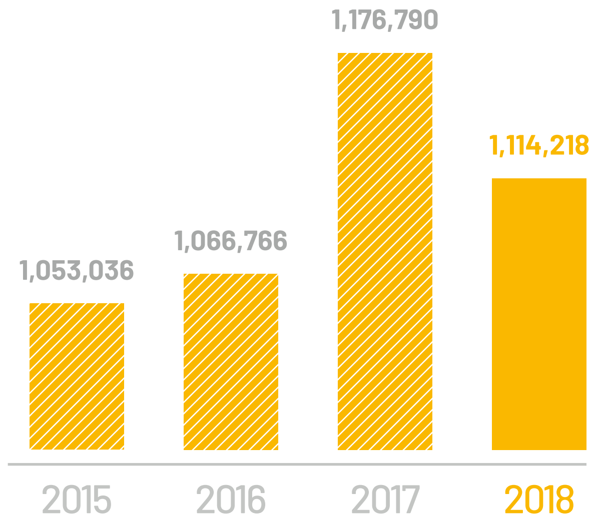
Training is classed into legally mandatory courses, internal mandatory training and tachograph and proactive training, all focused on three groups: drivers, technicians, traffic, administration and directors and middle managers.

The level of compliance with the 2018 Training Action plan is shown in the following tables, which contain the most important indicators related to the ENUSA Group.

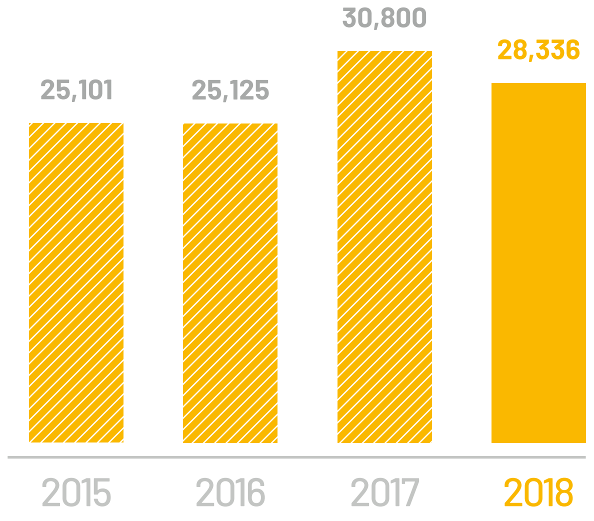
ENUSA GROUP TRAINING INDICATORS

	2015	2016	2017	2018
Total investment € (courses, transportation, accommodation, financial value of working hours spent on training)	1,053,036	1,066,766	1,176,790	1,114,218
Training cost (€)(Cash	283,970	255,742	306,925	297,119
Contributions from the State Fundation for Employment Training (FUNDAE)	63,499	53,783	38,811	45,450
Training hours	25,101	25,125	30,800	28,336
Number of trainees	3,838	4,080	4,771	5,543
Number of courses	590	626	671	815

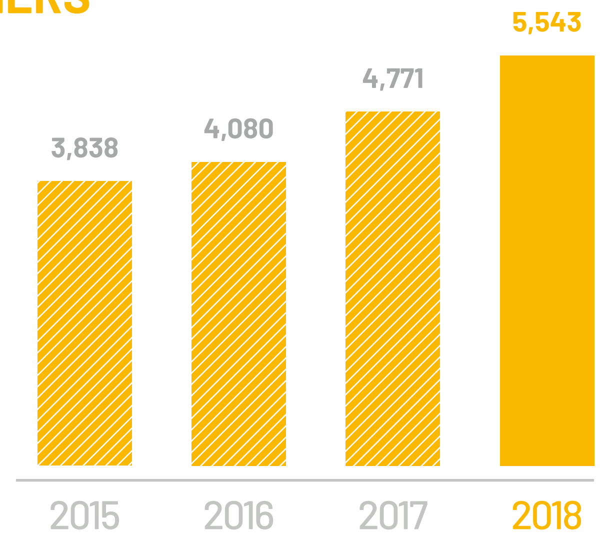
EVOLUTION OF THE ENUSA GROUP TOTAL INVESTMENTS (€)



EVOLUTION OF THE ENUSA GROUP TRAINING HOURS



EVOLUTION OF THE ENUSA GROUP LEARNERS



TRAINING BROKEN DOWN BY COURSE, LEARNERS, HOURS AND COST (ENUSA GROUP)

	NO. COURSES	NO. TRAINEES	NO. HOURS	COST (CASH)
ENUSA	767	5,296	23,689	245,868
Emgrisa	36	168	2,457	41,296
ETSA	12	79	2,190	9,955
TOTAL ENUSA GROUP	**815**	**5,543**	**28,336**	**297,119**

NUMBER OF COURSES GIVEN IN THE ENUSA GROUP (BROKEN DOWN BY TRAINING PLANS)

	ENUSA	EMGRISA	ETSA	TOTAL ENUSA GROUP
Compulsory	595	24	3	**622**
Others(management, technical, multi-disciplinary & competency-based)	172	12	9	**193**
TOTAL	**767**	**36**	**12**	**815**

NUMBER OF ENUSA GROUP TRAINEES BY PROFESSIONAL CATEGORY

	ENUSA	EMGRISA	ETSA	TOTAL ENUSA GROUP
Managers, Senior Engineers & Degree Holders	2,095	130	23	**2,248**
Technical Engineers, Intermediate Degree Holders & Qualified Assistants	398	12	0	**410**
Technicians and administrators	1,202	21	16	**1,239**
Operators	1,601	5	40	**1,646**
TOTAL	**5,296**	**168**	**79**	**5,543**

DISTRIBUTION OF TRAINED EMPLOYEES BY GENDER ENUSA GROUP

	ENUSA	EMGRISA	ETSA	TOTAL ENUSA GROUP
Women	154	20	8	**182**
Men	471	27	26	**524**
TOTAL	**625**	**47**	**34**	**706**

TRAINING HOURS BY WORKING HOURS ENUSA GROUP

	ENUSA	EMGRISA	ETSA	TOTAL ENUSA GROUP
In working time	20,802	1,566	348	**22,716**
Outside working time	2,887	891	1,842	**5,620**
TOTAL	**23,689**	**2,457**	**2,190**	**28,336**

ANNUAL TRAINING HOURS BROKEN DOWN BY GENDER AND PROFESSIONAL CATEGORY ENUSA GROUP

PROFESSIONAL GROUPS	NO. PERSONS 706		TOTAL HOURS 28,336		% HOURS OF TOTAL MADE		AVERAGE HOURS MADE/ PROFESSIONAL GROUP	
	Women	Men	Women	Men	Women	Men	Women	Men
Managers, Senior Engineers & Degree Holders	120	188	6,432	9,217	23%	33%	54	49
Technical Engineers, Mid-level Graduates & Qualified Assistants	8	34	658	1,207	2%	4%	82	36
Technicians and administrators	51	128	772	2,914	3%	10%	15	23
Operators	3	174	270	6,866	1%	24%	90	39
TOTAL	**182**	**524**	**8,132**	**20,204**	**29%**	**71%**		

DEVELOPMENT PLANS

ENUSA individual programmes for developing young talent

After carrying out the actions in the first phase of talented personnel last year, the programme is continuing with the other skills that are considered and which were assessed by the supervisors. Other people have joined so that the group involved in this qualification continues to grow.

GRANT PROGRAMME

Aware of the need for work experience among prepared and knowledgeable young people, ENUSA has continued to offer grants to those who, following the achievement of academic certification, both for vocational training and university degrees, need to join the labour market.

The ENUSA group is committed to the society in which it operates by sector and region, and is consolidating its presence in academic circles with these programmes.

This year again, our relations with the vocational training centres of Salamanca continue through a collaboration that allows them to satisfy the demand for work experience in obligatory practical courses and to ensure that their students will be more viable employees.

Our contact with universities has continued in 2018 and students from different degrees have been able to learn and expand their education in employment with highly qualified tutors and attractive projects.

ENUSA GROUP INTERNS 2018

	UNIVERSITY	OTHERS	TOTAL
Madrid	8	2	10
Juzbado	4	9	13
Saelices	4	1	5
RSU	1	0	1
TOTAL ENUSA	17	12	29
Emgrisa	0	6	6
ETSA	0	2	2
TOTAL SUBSIDIARIES	0	8	8
TOTAL ENUSA GROUP	17	20	37

ENUSA GROUP INTERNS BY ORIGINS

	2015	2016	2017	2018
SEPI Foundation	0	0	0	0
University	21	17	18	17
Others	31	13	16	20
TOTAL	52	30	34	37

3. Occupational Health and Safety

Worker health and safety is an absolute priority for the ENUSA Group. Training, information, prevention and development of new processes will always result in less exposure of workers to the risks inherent in their job posts.

Consequently, actions targeting the human factor are carried out with safety training techniques for operating equipment and installations and for responding to emergency situations, along with actions targeting the technical factor, which involve verifications of projects and modifications and inspections of the installations, as well as the working conditions.

After the Industrial Risk Prevention Act (LPRL) was enacted, ENUSA created the ENUSA Group Joint Industrial Risk Prevention Service. This service encompasses the four legally recognized preventive specialities (Industrial Safety, Industrial Hygiene, Occupational Medicine, and Ergonomics and Psycho-sociology), and it provides coverage to all its work centres and to its subsidiary ETSA. The Emgrisa subsidiary has a third-party prevention service.

The Health and Safety Committees of the ENUSA Group regulate worker participation in issues related with health and safety at work. It is the internal body for regular consultation on actions in questions of Industrial Risk Prevention.

In addition, with the aim of complying with Article 24 of the Occupational Risk Prevention Law, enacted by Royal Decree 171/2004, the ENUSA Group prepares and issues the P-PREV-RL-130 Procedure to guarantee the coordination of business activities between ENUSA and those companies and self-employed workers who provide their services in its work centres, as well as those objectives of Coordination of Company Activities set forth in Article 3 of this Royal Decree.

For this, an information exchange is carried out, in which ENUSA reports the existing risks in its work centres and the actions in case of emergency, receiving accreditation of compliance with the Occupational Risk Prevention Law as well as the risks associated with the activities to be carried out by the contracted company or self-employed worker, in such a way that the taking of necessary measures for a safe performance of the activities can be guaranteed, along with effective supervision of the work. The final objective, therefore, is the elimination or minimization of occupational risks that may exist in the services that the contracted companies and self-employed workers render in the work centres belonging to ENUSA, so that its own personnel as well as those from outside may receive effective safety and health protection.

TRAINING IN HEALTH AND INDUSTRIAL RISK PREVENTION

In order to comply with the provisions of Article 19 of the Industrial Risk Prevention Act, the Prevention Service provides training on job post risk prevention based on the risk assessment that is performed. This legislation stipulates the obligation of ensuring that workers receive specific preventive training for the jobs they hold, both at the time they are hired and when the job specifications or equipment are modified, or when the Prevention Service deems it advisable as a result of the detection of malpractice or the investigation of any accidents or incidents that may have occurred.

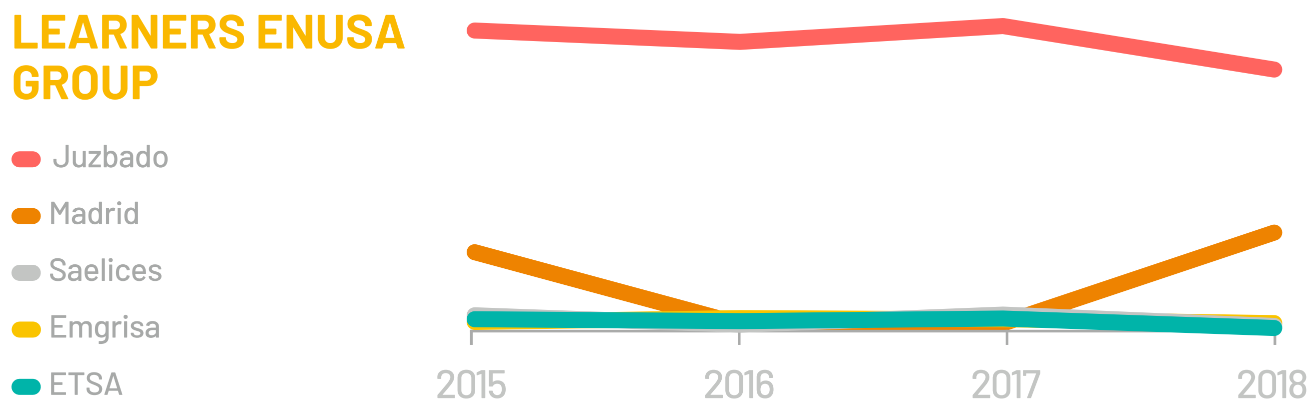
During 2018, ENUSA Group has provided to its employees a total of 5,278 training hours related to occupational health, safety, hygiene and ergonomics with a total of 1,603 participants.

ENUSA GROUP HEALTH AND IRP TRAINING

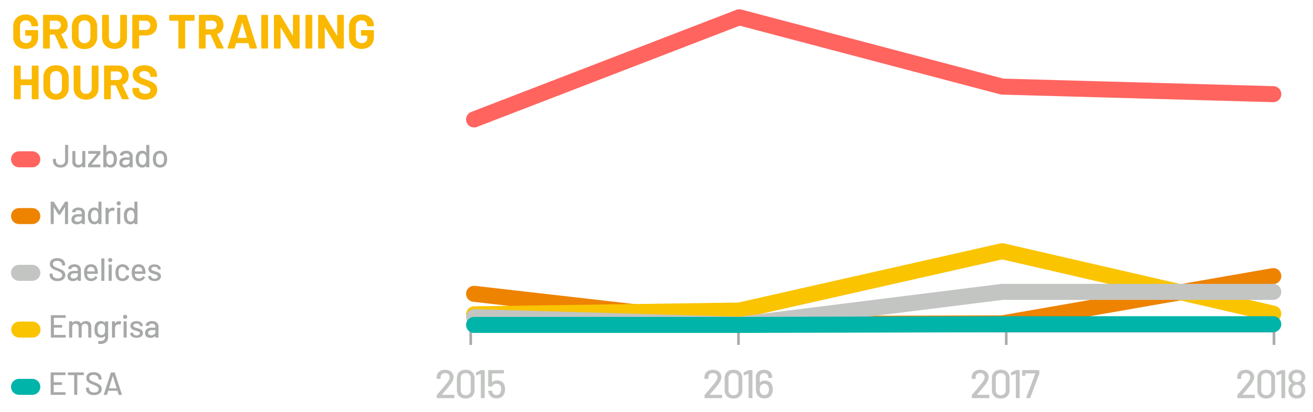
	2015		2016		2017		2018	
	TRAINEES	HOURS	TRAINEES	HOURS	TRAINEES	HOURS	TRAINEES	HOURS
Juzbado	1,283	3,144	1,228	4,737	1,281	3,671	1,115	3,565
Madrid	327	493	27	69	35	135	424	804
Saelices	49	115	32	146	78	587	26	616
UTE RSU Castellón (*)	11	53	18	75	13	43	5	29
TOTAL ENUSA	**1,670**	**3,805**	**1,305**	**5,027**	**1,407**	**4,436**	**1,570**	**5,014**
Emgrisa	9	82	61	320	41	1,187	25	248
ETSA	17	17	28	32	60	97	8	16
TOTAL SUBSIDIARIES	**26**	**99**	**89**	**352**	**101**	**1,284**	**33**	**264**
TOTAL ENUSA GROUP	**1,696**	**3,904**	**1,394**	**5,379**	**1,508**	**5,720**	**1,603**	**5,278**

(*) Data referred to the 85.69% share of ENUSA in the UTE

EVOLUTION OF IRP TRAINING LEARNERS ENUSA GROUP



EVOLUTION OF THE ENUSA GROUP TRAINING HOURS



Currently there is no high incidence or risk of contracting an occupational disease at ENUSA Group. According to the provisions of Royal Decree 1299/2006 of November 10 and its table of occupational diseases, the company carries out activities included in Group 2A (exposure to ionizing radiation) and 2I (exposure to noise).

To prevent exposure-related diseases and as primary prevention, in 2018 ENUSA has done:

- Specific risk-oriented training:
  - Ionizing radiation: 701 hours in 2018 in 74 sessions attended by 484 people.
- Specific risk-oriented health monitoring, using the Health Monitoring Protocols of the Ministry of Health with the periodicity and contents stipulated therein:
  - Ionizing radiation: 413 medical checkups in 2018.
  - Noise: 46 medical checkups

PREVENTION

Preventive inspections are periodically carried out to detect the potential risks of accidents and incidents that might occur in the installations, equipment or tools as a result of unsafe design conditions or inappropriate worker practices, in order to correct them before they can cause any damage.

These actions, included in the Prevention Plan together with the Risk Assessments, Preventive Activity Planning, etc., confirm the major commitment made to effectively integrate prevention into the natural conduct of the different company activities.

SAFETY AND RADIATION PROTECTION

Safety is another of the company's, the Management's and all the workers' commitments, and it is considered as one of the factors always present in their activities. Thus special attention is paid to training, development of new processes, equipment and installation innovation, information to society and to stakeholders, and participation in technical congresses and societies.

The factory and its operation are subject to ongoing control by the competent authorities: the Nuclear Safety Council (CSN), EURATOM and the IAEA. Control by the CSN has focused on plant operation, establishing in 2017 a Reinforcement Inspection Plan with a half-weekly frequency. The Reinforced Inspections expected were made in 2018 as well as those for the CSN Base Inspection Programme, which covered nearly all areas. The control of the international organizations are centred on the uranium entering and exiting the plant and on operations during the process, to ensure that it is not diverted to illegal uses. In this respect, since the Provisional Operating License was obtained in 1985, it has been renewed on six occasions, the last time on 27 June 2016 for a period of ten years.

Radiation Protection

The basic purpose of radiation protection is to protect the environment and the people who may be exposed to ionizing radiations due, in this case, to the factory activities, considering the current impact and the long- term effects.

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Radiation protection is a complex science not only because of the difficult conceptual and technical aspects, but also because of how it is subjectively perceived by individuals and society. Applying the fundamental principles of radiation protection (justification, limitation and optimization) since the factory was no more than a project has led to the quality standards that have been achieved being considered as an international reference.

The support that the Management has given at all times to the principles of radiation protection has resulted in the involvement of all the organizations and all the personnel to achieve levels of improvement that would be hard to attain with the mere application of technical innovations.

The new criteria implemented by international and national regulations have been surpassed thanks to the following:

- The use of the new technologies.
- Continuous upgrading of metering and control equipment and instruments.
- Incorporation of latest generation monitoring systems.
- Development of new Software applications and application of new mathematical models.
- The adaptation of the operating procedures, considering the factory's own experience and that of other facilities.

The radiation protection program covers the following aspects:

- Control of doses received by personnel.
- Classification of the workers and the different zones.
- Control of radiation rates and surface and ambient contamination in the areas.
- Control of radioactive sources.
- Monitoring and control of liquid and gaseous effluents.
- Control of solid wastes.
- Verification and calibration of metering equipment.
- Development of the dose optimization program (ALARA).
- Development of adequate protection standards and instructions.
- Continuous assessment of the risks associated with the equipment, systems and processes.
- Ongoing and periodic training of all exposed workers.
- Training of licensed personnel (operators and supervisors), members of emergency groups, and technical personnel of the Radiation Protection Organization.
- Development of the Environmental Radiation Monitoring Program.
- Evaluation of national and international standards and regulation and internal and external Operating Experiences.

The program results are objectively measured based on the values of the external and internal doses received by the personnel, and by the activities being discharged via liquid and gaseous effluents and the doses that the public could potentially receive as a result of these emissions.

Surface contamination is controlled by portable gas equipment optimized for the detection of alpha contamination, or else by stationary equipment with large gas flow probes installed in the passageway zones of the areas at risk of contamination. To ensure that the established limits are met, there is a program of weekly inspections of the areas with portable surface contamination metering equipment.

External Dosimetry

External irradiation occurs in the work stations where radioactive material accumulates, and it depends on the geometric arrangement of the source term with respect to the employee work positions. All factory employees who do work with a radiological risk are classified as exposed workers and, therefore, this control is required. For this purpose, an individual thermoluminescence dosimeter (TLD) is assigned to each worker.

The evolution of external staff doses has experienced a downward trend over the years. Although production has gradually increased, from average values of 150 tons of uranium in the early years to the 276 tons produced last year, the collective doses per ton have been maintained with regard to the previous year, and the average doses to workers have remained below 1 mSv, the limit dose to the public. The maximum annual doses have thus been successfully kept below 5% of the limit for exposed workers.

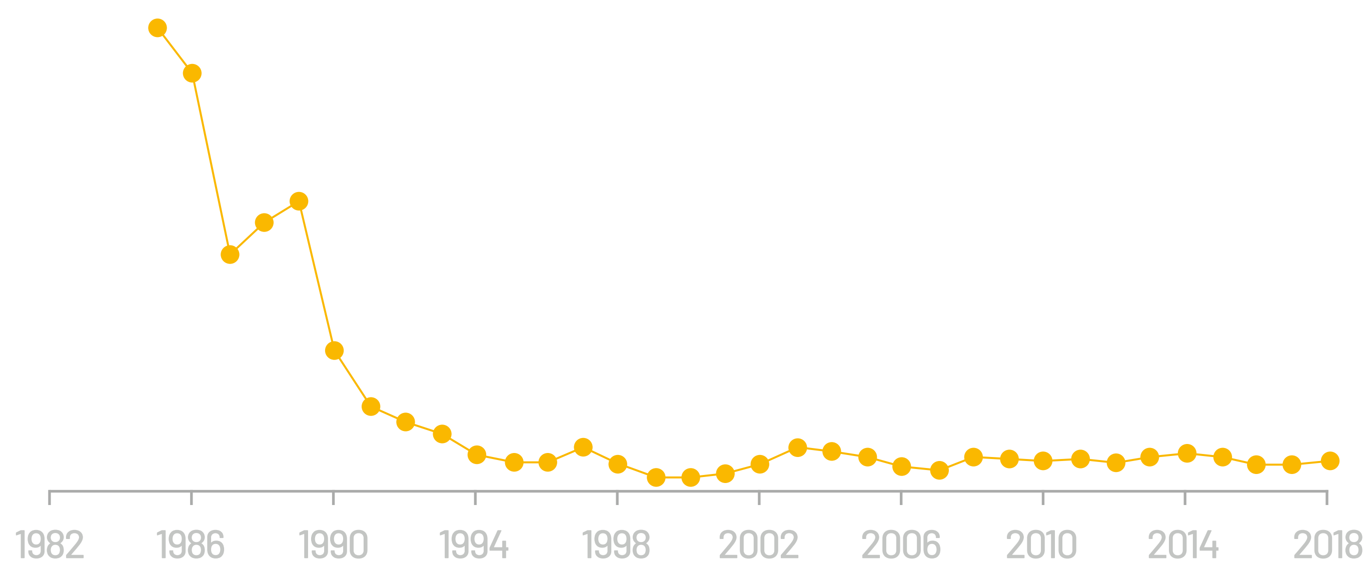
Internal Dosimetry

The areas in the Juzbado factory where people work with potentially dispersible uranium oxide powder are classified as zones at risk of contamination and radiation, thus posing a risk of radioactive isotopes entering the organism which could result in an internal personnel dose.

The ambient contamination in these areas is monitored with the so-called Radiation Protection System, formed by particle sampling equipment with a centralized vacuum system and silicon barrier detectors. The system is also provided with a network composed of more than 150 continuous sampling points that are representative of the areas and work stations, from which the filters are removed every 8 or every 24 hours, measuring the retained activity with equipment, with which the estimate is made of the internal personnel dose. Internal dosimetry is controlled by two internal dosimetry services authorized by the CSN and is based on the measurement of the alpha isotopes in 24-hour urine samples that are periodically taken.

In addition, portable continuous metering equipment is used as a complementary monitoring system in high risk operations, or for equipment and process evaluation and optimization analyses.

EVOLUTION OF DEEP COLLECTIVE DOSE HP (10)/tU



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OCCUPATIONAL HEALTH

Medical Examinations

Section 1 of Article 22 of the Occupational Risk Prevention Act (LPRL) guarantees the periodic monitoring of the condition of workers' health based on the risks inherent in the job and applying the appropriate protocols.

The results of health monitoring are always communicated to the workers (Article 22, section 3, LPRL) in a report. In accordance with the provisions of sections 3 and 4 of Article 22 of the LPRL, the privacy and dignity of the person are guaranteed in these checkups, which are not carried out without the worker's consent. The Management is always informed of a worker's aptness for his/her job post after a health monitoring procedure, whether periodic or done after a period of absence due to common illness or industrial accident.

In 2018, 1,536 medical checkups were conducted for ENUSA and ETSA. These checkups include the ordinary ones (579) and also checkups of newly hired staff members (63), workers who return to or change job posts (39), those requested by workers (14), those requested by interns or personnel in practical training (2) and review of the examinations of subcontracted personnel who collaborate with the company (839).

The Occupational Health department consists of the Basic Health Unit (BHU) of ENUSA based in the Salamanca Work Centre, with an Occupational Health Medical Practitioner and three DUE.

Healthcare

The Industrial Risk Prevention Act (LPRL), the Prevention Service Regulation and Royal Decree 843/2011, which regulates the healthcare activities of the Prevention Services, specify that the medical personnel of the Prevention Service should be familiar with the illnesses that may occur among the workers and be aware of absences from work for reasons of health. This is to identify whether there is any relation between the cause of the illness or absence and the risks to health that may occur in the workplaces.

The LPRL, the Regulation and RD 843/2011, which regulates the healthcare activities of the Prevention Services, also refers to the fact that the medical personnel of the Prevention Service must provide first aid and emergency care to workers who are victims of accidents or alterations in the workplace when there are healthcare workers on site.

Other Occupational Health Activities

During 2018 the following actions were also included:

- The campaign for cardiology vigilance for members of the 2nd Fire Brigade at the Juzbado Work Centre was carried out as part of the promotion of Occupational Health in collaboration with the cardiology clinic, cardiac recovery and sports cardiology centre of Salamanca.
- Recycling of 34 people in training and use of cardiopulmonary resuscitation techniques and automatic external defibrillators.
- Initial training for 48 people in the Madrid Work Centre in training and use of cardiopulmonary resuscitation techniques and automatic external defibrillators.
- Staff with operating licences and supervisors at the Juzbado Centre have been trained in first aid for persons exposed to radiation or contamination.
- Flu vaccination campaigns in the three Work Centres.
- A total of 7,035 medical consultations have been tended.
- A total of 25 medical emergencies have been tended.

- A total of 163 alcohol and toxic substance control were conducted.
- The specific health monitoring protocols applicable to the ENUSA Group.
- The “Prevention of Cardiovascular Disease” program continues among the workers of the ENUSA Group that began in the year 1995.
- An epidemiological study of the entire ENUSA staff was conducted, where the most relevant and prevalent health problems in the working population of the ENUSA Group were identified.
- Two blood donation campaigns were carried out in the Juzbado factory, in collaboration with the blood bank of the Government of Castilla y León.
- A poster and communication process was begun in relation to the promotion of Health at Work campaigns.
- Screening programme for 305 participants in collaboration with Sanitas for preventing blindness through retinal pathologies.
- Two workshops on health information have been carried out with Sanitas on the subjects of Healthy Attitudes and Laughter Therapy, with a total of 46 participants.
- Collaboration with SACYL has enabled rotation in the ENUSA Basic Health Unit for 2 Resident Occupational Health Nurses and 1 Occupational Health Foundation Doctor for a training course with a total of 1,176 study hours.
- Discussion forums on the area of Occupational Health in nuclear facilities have taken place as members of the UNESA Nuclear Medical Group, with the collaboration of the Gregorio Marañon University Hospital in Madrid.

INDUSTRIAL ACCIDENT RATE

The low accident rates obtained by ENUSA make it eligible to avail itself of the provisions of Royal Decree 404/2010 of March 31, which regulates the establishment of a system that reduces professional contingency contributions for companies that have made a special contribution to the reduction and prevention of industrial accidents. This system of reduced contributions was suspended temporarily under RDL 28/2018, of 28 December.

In 2018, there were no cases of work-related illness during the year among the employees of the ENUSA Group.

NO. TOTAL SICK DAYS BY GENDER IN ENUSA GROUP

	MEN	WOMEN	TOTAL
Juzbado	81	14	**95**
Madrid	22	9	**31**
Saelices	1	0	**1**
UTE-RSU Castellón (*)	0	1.71	**1.71**
Emgrisa	8	5	**13**
ETSA	17	0	**17**

(*) Data referred to the 85.69% share of ENUSA in the UTE

ENUSA GROUP ABSENTEEISM RATES DUE TO ILLNESS 2018

	JUZBADO	MADRID	SAELICES	UTE (*)	EMGRISA	ETSA
No. of employees (**)	413	215	31	14	61	46
Worked hours	580,857	313,485	37,889	22,285.20	89,512	86,316
Total no. sick leaves	95	31	1	1.71	13	17
Lost working days	3,328.38	915	161.67	41.99	366	172
Frequency rate	23	14.42	3.23	12.21	21.31	36.96
Seriousness rate	35.04	29.51	161.67	24.55	28.15	10.12
Incapacity rate	8.06	4.25	5.22	3.00	6	3.74

(*) Data referred to the 85.69% share of ENUSA in the UTE / (**) No. of employees at 31/12/2018

$$\text{I. FREQUENCY} = \frac{\text{no. sick days}}{\text{no. total employees}} \times 100$$

$$\text{I. SERIOUSNESS} = \frac{\text{no. work days lost to illness}}{\text{no. sick days}} \qquad \text{I. INCAPACITY} = \frac{\text{no. work days lost to illness}}{\text{no. total workers}}$$

ACCIDENT RATES ENUSA 2018

	JUZBADO	MADRID	SAELICES	UTE (*)	EMGRISA	ETSA
No. of employees	413	215	31	14	61	46
Worked hours	580,857	313,485	37,889	22,285.20	89,512	86,316
Accidents with sick leave (**)	1	0	0	0	4	0
Accidents without sick leave (**)	6	0	0	0.86	7	0
Lost working days	70	0	0	0	50	0
Incidence rate	16.95	0	0	61.43	180.33	0
General frequency rate	12.05	0	0	38.59	122.89	0
Frequency rate with sick leave	1.72	0	0	0	44.69	0
Seriousness rate	0.12	0	0	0	0.56	0
Average incapacity duration	70	0	0	0	12.5	0
Absenteeism per accident rate	0.17	0	0	0	0.82	0

(*) Data referred to the 85.69% share of ENUSA in the UTE / (**) Accidents "in itinere" are not included

$$\text{I. INCIDENCE} = \frac{\text{no. of accidents}}{\text{no. of workers}} \times 10^3 \qquad \text{AVERAGE INCAPACITY DURATION} = \frac{\text{days lost due to accident}}{\text{no. of accidents with sick leave}}$$

$$\text{I. FREQ. GENERAL} = \frac{\text{no. of accidents with sick leave + no. of accidents without sick leave}}{\text{no. of worked hours}} \times 10^6$$

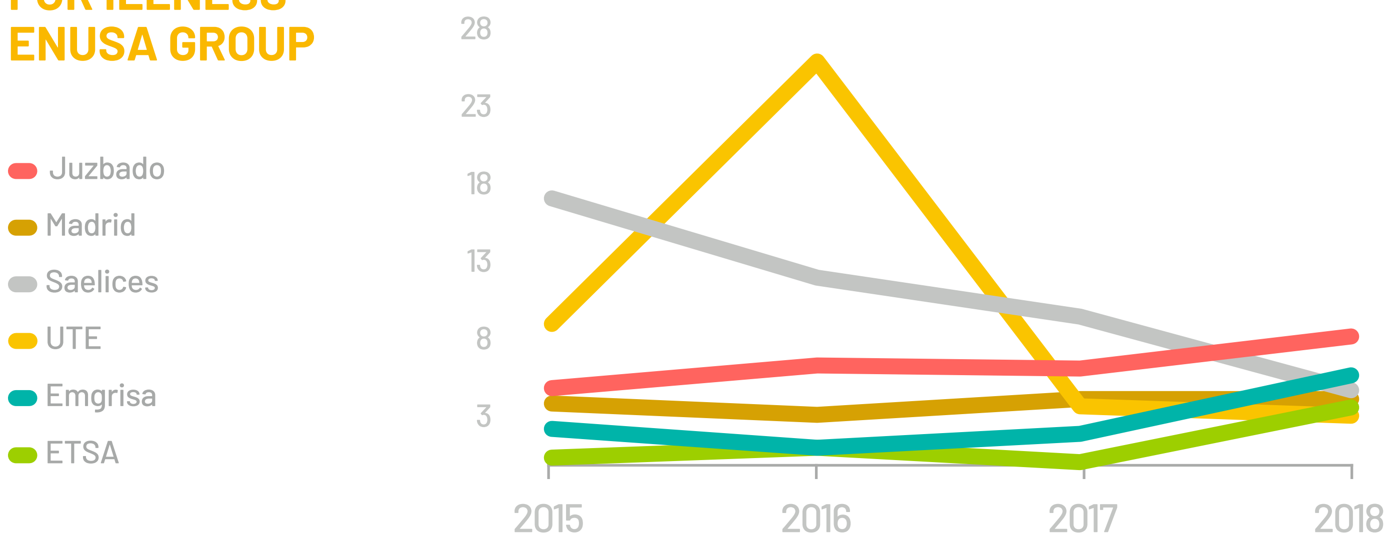
$$\text{I. SERIOUS} = \frac{\text{days lost per accident}}{\text{no. of hours worked}} \times 10^3 \qquad \text{I. ABSENTEEISM PER ACCIDENT} = \frac{\text{days lost due to accident}}{\text{no. of workers}}$$

NO. ACCIDENTS BROKEN DOWN BY GENDER IN ENUSA GROUP

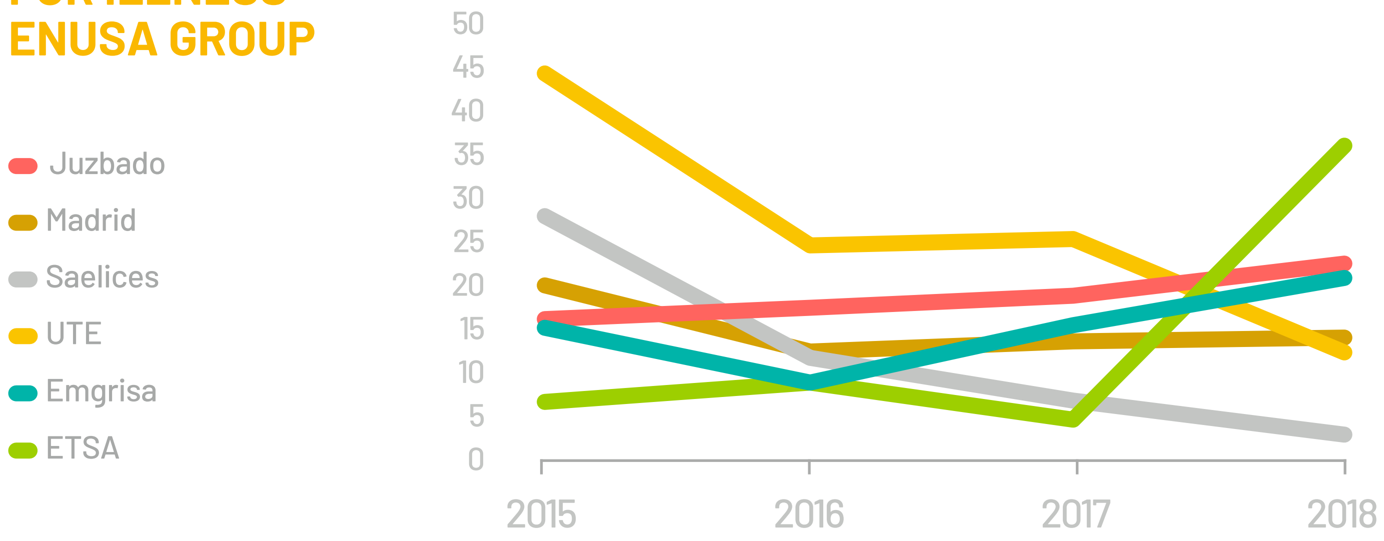
	MEN	WOMEN	TOTAL
Juzbado	7	0	7
Madrid	0	0	0
Saelices	0	0	0
UTE-RSU Castellón (*)	0.86	0	0.86
Emgrisa	11	0	11
ETSA	0	0	0

(*) Data referred to the 85.69% share of ENUSA in the UTE

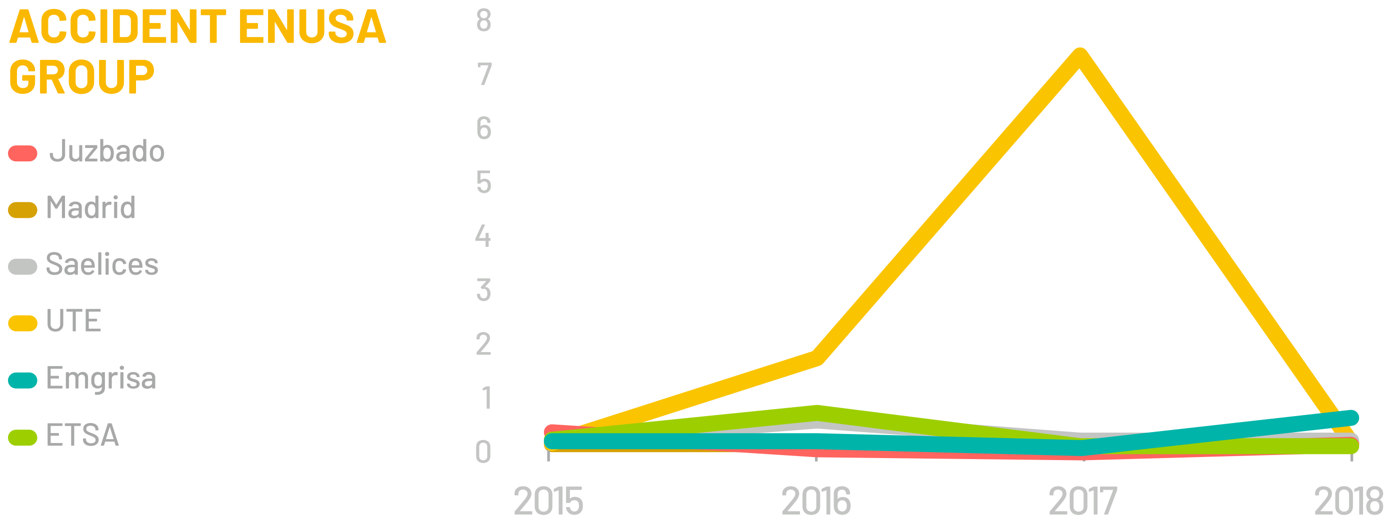
DISABILITY RATES FOR ILLNESS ENUSA GROUP



FREQUENCY RATES FOR ILLNESS ENUSA GROUP



SERIOUSNESS RATES FOR ACCIDENT ENUSA GROUP



4. Customers

The main business of ENUSA is to supply products and services to nuclear plants to ensure their safe and efficient operation.

All products and services delivered to clients are intended to be top quality, to guarantee safety in the operation of the facilities and respect for the environment. This is why ENUSA organizations focus their activity on delivering correctly on time and achieving these conditions.

ENUSA sees identifying customer needs and offering the product or service to meet that need as essential. In the current regulated situation and the situation of the energy sector, it is vital to show flexibility to meet any new demands. ENUSA must also respond to all aspects related with the handling of radioactive fuel kept in the storage pools and which are gradually transferred to storage containers for transport and safekeeping in Temporary Individual Warehouses that each site, depending on its needs, makes available.

FUEL AREA CUSTOMERS

The activity of ENUSA in the nuclear fuel business focuses on the following areas:

- Uranium supply.
- Fuel design and manufacturing.
- Operating support engineering services.
- Engineering services related to irradiated fuel management.
- Engineering services related to the future ATC [centralized temporary storage facility].
- Engineering services to support the design and licensing of irradiated fuel storage and transport casks.
- In-plant fuel services related to the delivery of fresh fuel during refuelling outages and to irradiated fuel management support.
- Supply of both fresh and irradiated fuel inspection equipment.
- R&D&I projects.

The most important milestone in 2018 was the renewal of the agreement with the utility companies Endesa, Iberdrola and Naturgy, owners of the Ascó, Vandellos II and Almaraz facilities for the supply of fuel recharges for these power stations. This contract, the largest ENUSA has ever signed for supplying fuel for the volume of recharges and its value, means providing eight refuelling recharges for the nuclear plant of Almaraz 1 and 2, six for Ascó I, five for Ascó II and five more for Vandellos II between 2019 and 2027. The contract also includes, besides the delivery of fuel, the design and license for recharges and operating cycles, as well as other associated engineering services, including the tools for monitoring the operation. ENUSA will also provide the fuel services for the facilities for the whole period of the contract, from handling the fresh fuel to the handling of the radioactive fuel during the recharging stoppages. It also includes the disposal of finished radioactive fuel, from identification and classification to handling for loading into temporary storage containers. Finally, the scope also includes that availability of a safe supply warehouse in the Juzbado factory.

As regards the European Fuel Group (EFG), one of the most important aspects of the year 2018, after the award made by the Belgian company Engie Electrabel/Tractebel of the fuel supply contracts for the nuclear plants of Doel 3 and Tihange 2, has been the finish of scheduled leading engineering activities as well as the LOCA Astrum TCD analyses necessary for mandatory licensing under the Belgian regulatory authorities for the introduction of fuel in the Tihange 2 and Doel 3 the first deliveries of which took place in June and October 2018, respectively.

As a result of this client's satisfaction with the EFG, ENUSA has been awarded the service for making the analysis of LOCA Astrum TCD for the Doel 1 and Doel 2 units. Work is continuing with Engie Electrabel/Tractebel on the possible repair of radioactive fuel in different plants designed by EFG for loading onto containers of spent fuel for temporary storage, the result of which will become apparent in 2019.

The inspection of some of the concrete buildings in the Belgian nuclear plants has resulted in the need for the owner company to make some repairs, which has in turn prolonged the stoppage time of the reactors, with an impact on ENUSA's delivery of fuel to these reactors that will become apparent in 2019, and which will mean a delay of several months for some recharges, a situation that we shall try to correct in the medium term.

As regards the market for BWR technology reactors, 2018 has been one of the most successful on record for GENUSA, the company made by ENUSA and Global Nuclear Fuel Americas (GNF-A) since 1996, because it has won several contracts that make GENUSA leader in the European Market for reactors of this type. In 2018, the Swedish company Vattenfall awarded GENUSA its fuel supply for four recharges at its Forsmark 1 and 2 plants. At the same time, the Finnish company Teollisuuden Voima Oyj (TVO) awarded GENUSA a contract to supply at least 50% of its fuel requirements for its two reactors at Olkiluoto until 2038. Both contracts also include the provision of associated services.

These awards, together with the contract signed with Iberdrola at the end of December 2017 to supply recharges for the Cofrentes plant, mean that GENUSA is the leading maker BWR fuel supplies in European plants.

In 2018, intense activity has continued in engineering services provided in connection with spent fuel, its characterization and subsequent clearance for purposes of storage in the Individual Temporary Storage Facility (ATI).

Special mention should be made of all the work related with the application of development of classification methods in previous years, and the preparation of repair devices to minimize the number of fuel elements that must be classified as damaged. 2018 has also seen more intense cooperation with Equipos Nucleares S.A. (ENSA), the company who ENUSA provides with engineering services for the design and licensing of storage containers and transport of radioactive fuel.

In this same line, support has continued to be given to the management of the ATC project of ENRESA, providing services of reviewing the technical documentation of the different engineering firms who work on the project and perform the shielding calculations of the Cask Awaiting Warehouse as the main business.

Finally, it is important to emphasise that in 2018, ENUSA and ENSA and Tecnatom, the nuclear services company, have signed a collaboration agreements to jointly develop and sell the skills of the three companies for dismantling nuclear facilities, focusing mainly on the opportunities that may arise in Spain and Europe, but without neglecting options to work in other countries, such as Mexico, where opportunities that should appear in 2019 have been identified.

ENUSA conducts all its businesses under a Quality Management System in accordance with standard ISO 9001:2015, which is regularly audited by the official certification organizations and also by customers (more information on page 317, Quality Section).

Fuel Sales

In order to fulfil the contractual commitments undertaken in previous years, during 2018 fuel deliveries were made amounting to more than 299 tons of equivalent uranium (tU). Of this amount, 62% was exported. In all, 667 fuel assemblies manufactured in Juzbado have been delivered.

In the BWR area, the volume of enriched tU deliveries of the year for reactors with this design has represented 5% of the total. On the other hand, it is necessary to highlight the consolidation of the market of the European PWR reactors (outside the national territory), with a supply around 57% of the total of enriched tU of the year.

In order to market abroad the products and services related to nuclear fuel of pressurized water reactors (PWR), ENUSA maintains with Westinghouse the European Fuel Group (EFG) alliance, renewed in 2017 up to 31 December 2024. All this is under the technology cooperation agreement with Westinghouse that has been in effect since 1974 and also renewed up to 31 December 2024.

The signing of both agreements, after extensive negotiation with Westinghouse, took place in October 2017, after it was authorized by SEPI Management as well as by the court of New York that supervises the payment suspension process. The result of this authorisation is that Westinghouse, independently of its new ownership, Brookfield, accepts all commitment deriving from it and therefore safeguards the interests of ENUSA.

This extension will allow us to continue to provide the stable setting in which ENUSA can expand its activity in the PWR market, in Spain and the other European countries, backed up by its formal withdrawal in autumn 2018 from the Westinghouse administration procedures.

To reinforce this alliance, ENUSA also signed a Framework Cooperation Agreement in 2018 for developing Accident Tolerant Fuel that will allow it to take part in earlier phases of the process, and will act as the basis for several joint development projects (JDPs) aimed principally at its first entrance into an American fuel reactor with preliminary ATF rods in 2019.

Westinghouse also supplies components from its United States factories and UO2 dust conversion services through its subsidiary in the United Kingdom, Springfields Fuel Limited, related with the contract to supply fuel for Spanish PWR-Westinhouse designed plants.

On the other hand, for marketing in the boiling water reactor (BWR) fuel market, ENUSA has a share in GENUSA with General Electric through Global Nuclear Fuel - Americas.

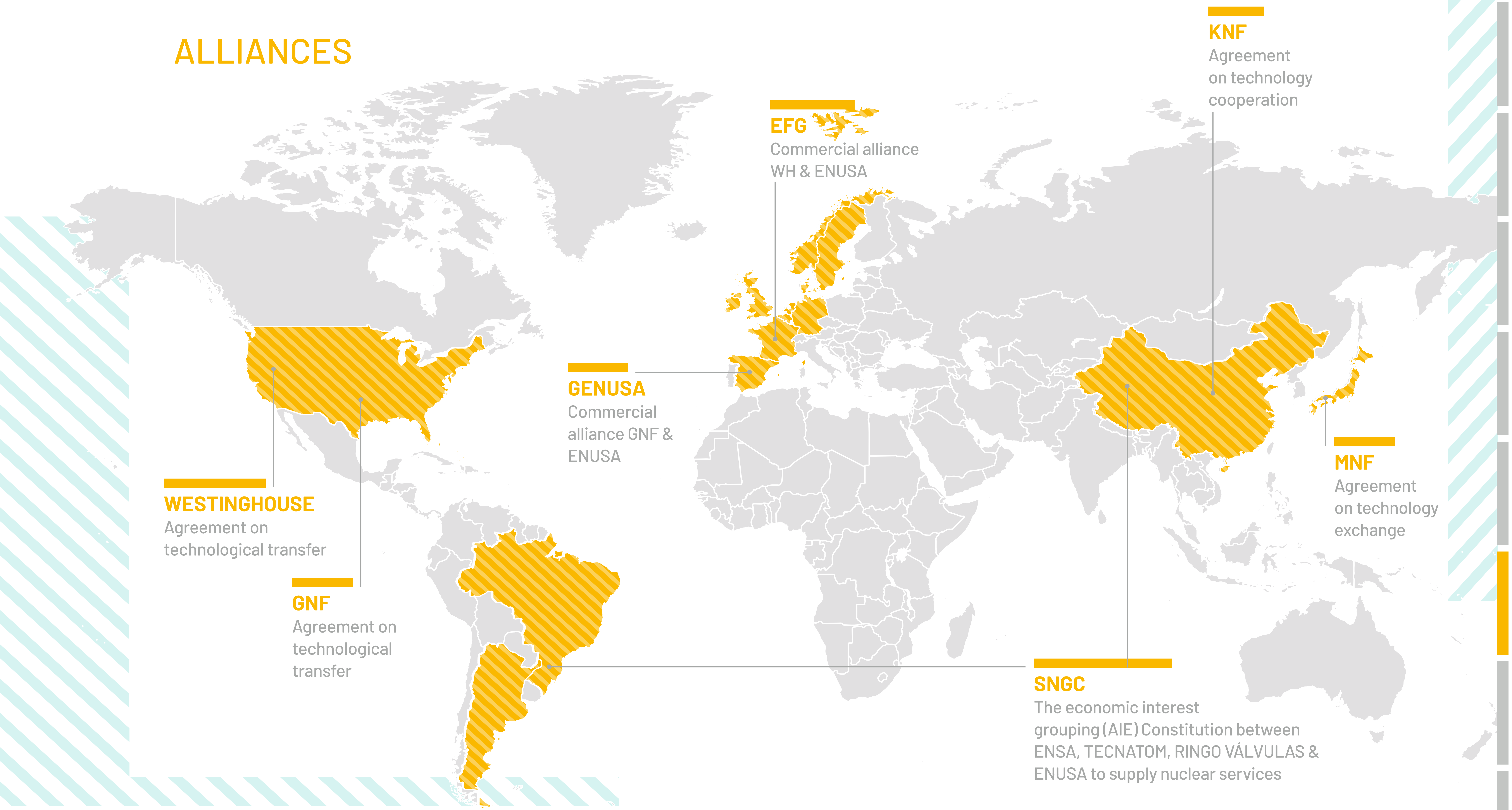
It also has the corresponding technology cooperation agreement with General Electric (GEH), which is the basis for all activities in the European BWR fuel market.

The result of the negotiation carried out this year is the decision to extend the link between these companies and ENUSA until 31 December 2024. This agreement includes the sharing of work to supply recharges for the Nordic clients of Vattenfall and TVO, and Iberdrola in Spain. The new agreement also simplifies ENUSA's commercial structure and creates the figure of Company Director, who will be in charge of coordinating the partners' work to meet contractual obligations.

Through these agreements, General Electric Hitachi (GEH) and Global Nuclear Fuel (GNF) will provide technology, components and services to convert from UF6 to UO2 dust while ENUSA provides clients with manufacturing and fuel transport services.

These contracts strengthen the relations started in 1974 between ENUSA and GEH/GNF and which has enabled European clients with BWR reactors to renew their trust in GENUSA for supplying fuel and associated services.

ALLIANCES


KNF
Agreement on technology cooperation
EFG
Commercial alliance WH & ENUSA
GENUSA
Commercial alliance GNF & ENUSA
WESTINGHOUSE
Agreement on technological transfer
GNF
Agreement on technological transfer
MNF
Agreement on technology exchange
SNGC
The economic interest grouping (AIE) Constitution between ENSA, TECNATOM, RINGO VÁLVULAS & ENUSA to supply nuclear services

PWR Market

In 2018, around 284 tons of enriched uranium (tU) were delivered for the PWR reactors of Spain, France and Belgium.

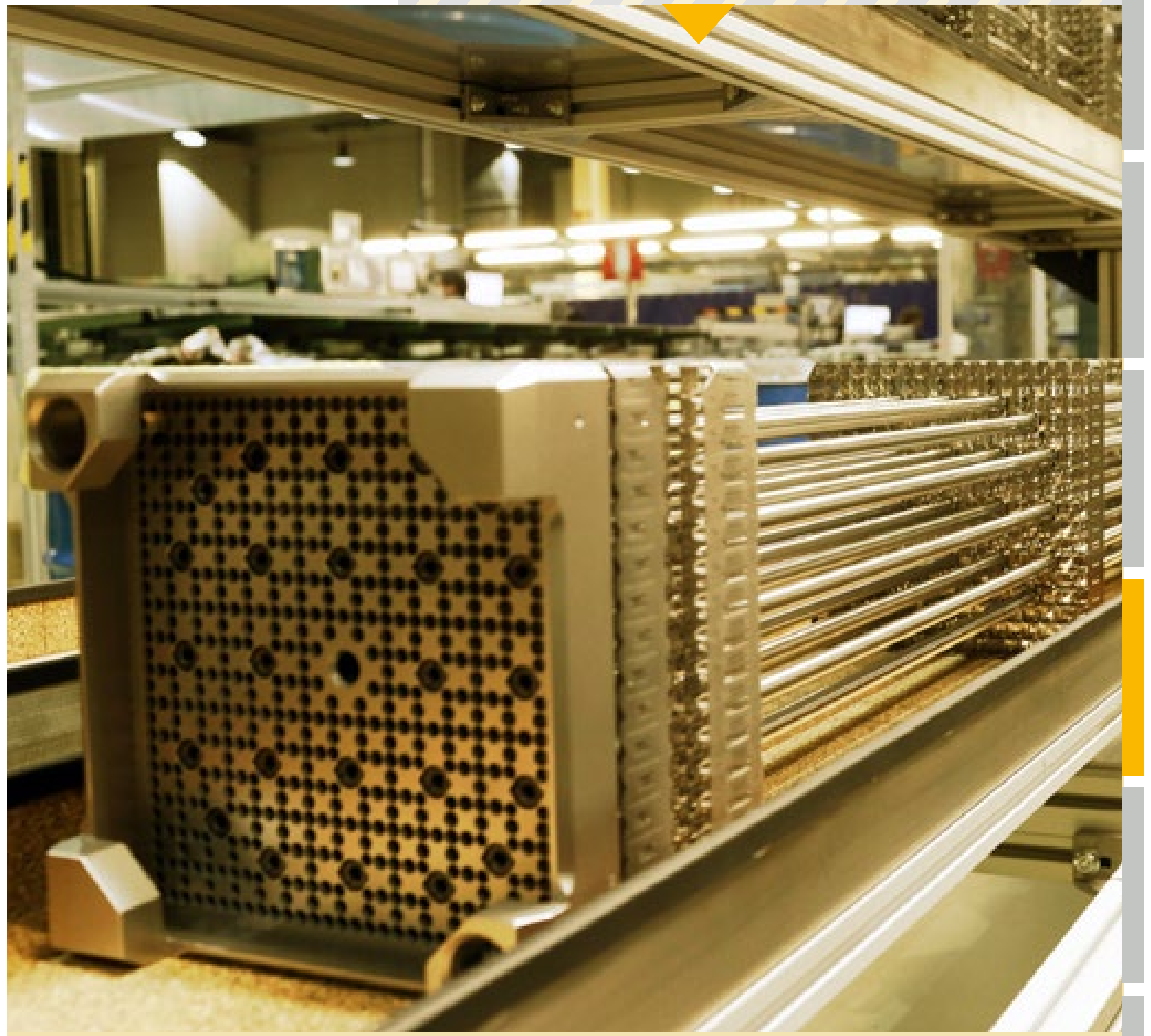
In Spain, the company has continued to regularly supply fuel to the Spanish PWR-Westinghouse designed nuclear power plants. In 2018, nearly 113 tons of enriched uranium (tU), corresponding to 244 fuel assemblies, were delivered to the Almaraz 1 and 2, Ascó I and Vandellós II plants, in accordance with the contract signed in 2012. Consequently, the fuel supplied from the ENUSA factory in Juzbado is operating in the five Westinghouse-design PWR plants in Spain, Almaraz 1 and 2, Ascó I and II and Vandellós II.

In addition, 128 RFA 1300 and 55 RFA 900 fuel assemblies were delivered, equivalent to 95 tons of enriched uranium (tU), to the French EDF plants. The framework of ENUSA's contract with Engie Electrabel and Tractebel Engineering has provided 56 fuel elements for the Doel 4 plant, equivalent to 30 enriched tU, 60 fuel elements for the Tihange 2 plant equivalent to 28 enriched tU, and 40 fuel elements for the Doel 3 plant, equivalent to 18 enriched tU.

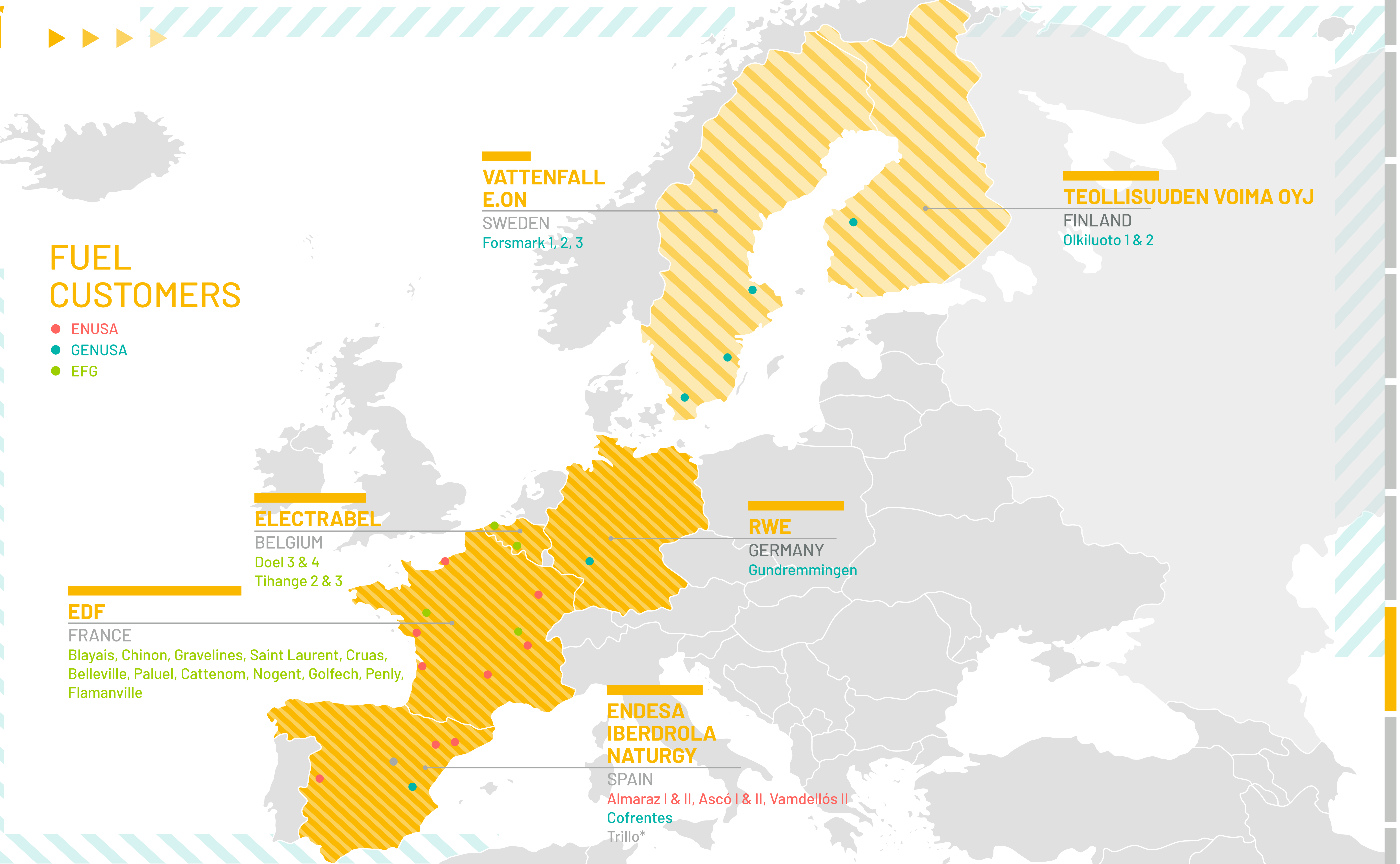
Furthermore, the company has continued to execute several engineering programs and services for analysis of the product performance under the most demanding operating conditions, as well as the fine tuning of the most advanced design tools to respond to changes that could be implemented in regulatory requirements.

BWR Market

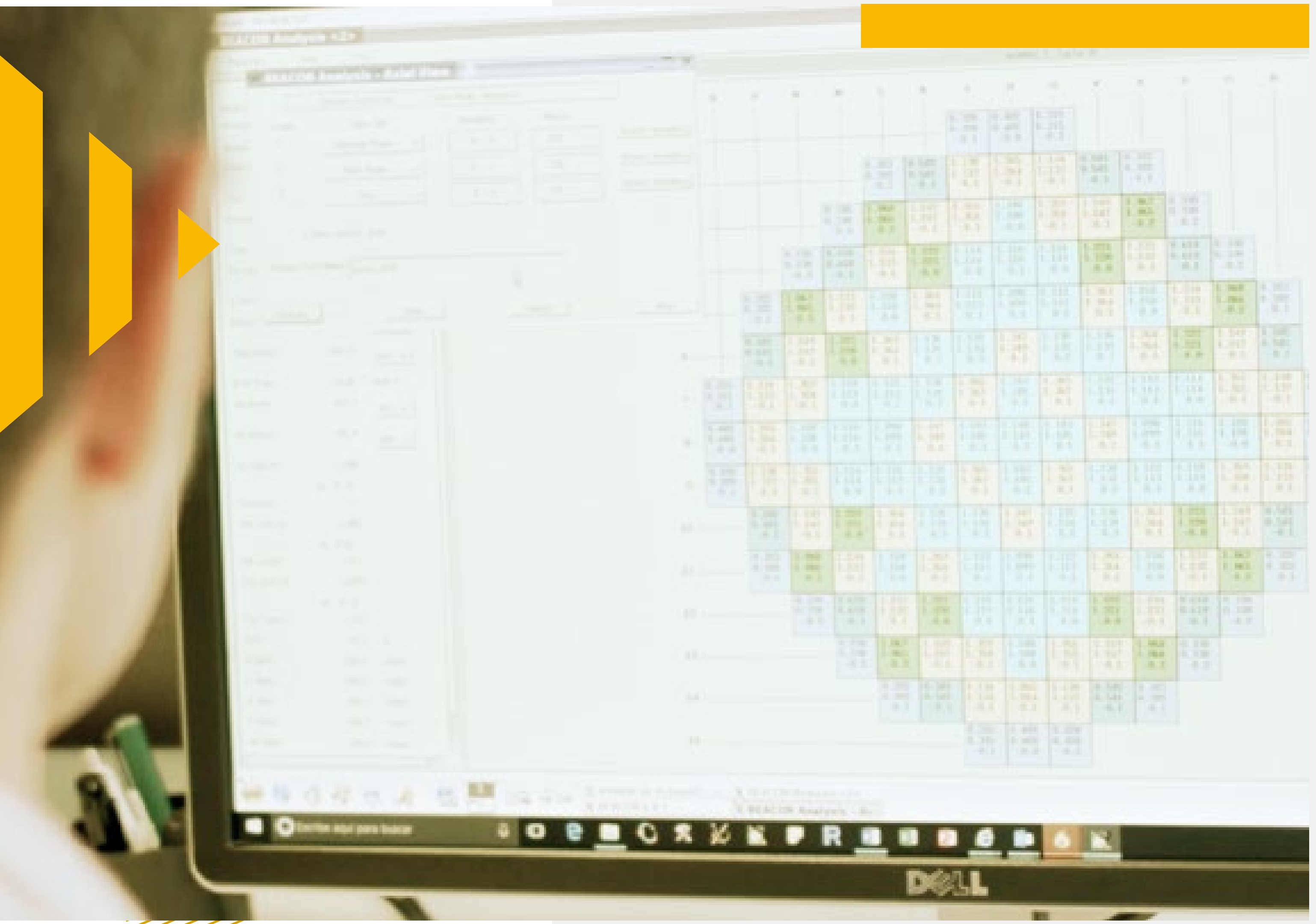
As for the boiling water reactor (BWR) market, in 2018, a total of 15 enriched tU was delivered, whereby GENUSA delivered 84 fuel assemblies to the Gundremmingen nuclear plant, in Germany.



FUEL CUSTOMERS



*Only fuel and uranium procurement services are supplied to Trillo nuclear power plant central and in 2016, eight demonstration elements (LTAs) by EFG.



Engineering and Fuel Services

As a complement to its manufacturing business, ENUSA offers the corresponding engineering services, including design of the recharges for Spanish PWR nuclear reactors and support for the operation, manufacturing activities and method development activities, as support for ENRESA and ENSA, and other activities for the European market.

The Fuel Services activities undertaken in the nuclear power plants continue to increase. This increase is primarily due to the consolidation of the agreements with the national PWR customers, which is resulting in a progressive increase in the scope of the services provided by ENUSA related to refuelling services, inspection of the spent fuel stored in the fuel pools and its characterization and clearance.

ENUSA has a series of partners and alliances to undertake the fuel services. On one hand, the Economic Interest Grouping (EIG, AIE in Spanish), the organization that develops the fuel services contracted by ENUSA in relation to plant operation with the support of its partners ENSA and ENWESA.

This organization is the outcome of the transformation of the former AIE ENUSA-ENWESA, signed in November 2017, and it performs all the services demanded by clients for the recharge and handling of spent fuel, including loading containers and optimising the supports of the fuel pools.

It has the necessary collaboration with WTS for many fuel services in the nuclear plants, guaranteed by the Collaboration Agreement between ENUSA and WTS, which was also signed in 2017.

ENUSA continues having the collaboration of TECNATOM, the technology partner with which ENUSA has undertaken the development of the SICOM equipment, the family of equipment for providing fuel characterization services and whose ownership is shared by the two companies. Some of this equipment has already been sold in China.

Another agreement that ENUSA has in the area of In-Plant Services is with the North American firm Dominion Engineering for the development of equipment for cleaning the fuel with ultrasound techniques and equipment designed to detect leaking assemblies.

The company has an ongoing commitment to support the nuclear power plants with its in-plant services and, as a result, it is consolidating its presence in several European reactors and beginning to provide services to the Trillo nuclear power plant, which will be expanded in 2019.

For this reason, ENUSA has significantly increased the number of customers and the workload in fuel services. This is an expanding line of business and therefore the company will continue to pursue it in 2019, together with the development of new services related to irradiated fuel management.

Irradiated Fuel Management

The broad technological knowledge of nuclear fuel has made ENUSA a leader for the nuclear plants in many activities related to the management of spent fuel, relying on significant experience in activities related to the second part of the fuel cycle.

The support for the management of spent fuel that ENUSA offers to its customers has two components. One is related to the fuel services to be carried out in the plant for the characterization, conditioning of damaged assemblies and loading of casks. The other is related to the engineering work to identify needs for inspection, analysing the results of these inspections, classifying fuel and minimizing the number of assemblies that must be classified as damaged. Hard work has been carried out in 2018 to give support in both components to the managers of the Spanish PWR nuclear plants.

In 2018 as well as in previous years, different methodologies and a conditioning device have been developed with the aim of minimizing the number of assemblies that must be classified as damaged. The method for analysing AEF (Advanced European Fuel) with exfoliation in a specific system of dry storage should be noted. ENUSA started to work with this method in 2014 and achieved the favourable recognition of the Nuclear Safety Council in 2018. This has enabled a Spanish plant to classify a large number of elements affected by this problem as not damaged. ENUSA will continue to work in 2019 to adapt this method to all fuel designs and storage systems used in Spain.

As regards the minimization of the number of fuel elements to be classed as damaged, the Espiga device should also be highlighted. Since 2017 and throughout 2018, ENUSA has installed many Espiga devices to enable fuel elements affected by corrosion of the upper hoses to be handled without restrictions. A project was launched in 2018 to adapt the installation tools for this device so that it can be used in position in inaccessible pools with the usual tools.

In 2018, ENUSA started to support PWE plants for classify the waste in their spent fuel pools, such as loose heads or plugs in order to reclassify these parts as medium activity, to reduce the amount of high activity waste.

In the years to come, these activities will continue until the operators of the Spanish plants have achieved the objective of having all the fuel in the pools cleared and ready for loading in the storage and transport casks before final delivery to the ATC. ENUSA, as the fuel technologist, has allotted all the necessary resources both to Engineering and to Fuel Services to meet the demands of its customers. Once the leadership in activities of the second part of the fuel cycle has been consolidated in Spain, it is expected that in upcoming years it can provide support in this area to foreign customers.

Activities Related to the Centralized Temporary Storage Facility (ATC) and Irradiated Fuel Storage Casks

The Centralized Temporary Storage project in Villar de Cañas (Cuenca) has been suspended so we are waiting for a definitive solution for disposing of radioactive waste.

In any case, in 2018 ENUSA has continued to support ENRESA in its ATC project management, with the review of numerous technical licensing reports in the field of nuclear engineering, and of special relevance are the shielding analyses, basis of the license of the Cask Standby Warehouse, (the first ATC facility envisaged to enter into operation) and the source term calculations compared to all the fuel to store in the ATC.

Under the Framework Collaboration Agreement signed between ENSA and ENUSA in October 2015, several nuclear engineering activities have been carried out for ENSA, focused mainly on the optimization of the ENUN casks for the storage and transport of nuclear fuel that is damaged or has a high degree of burnout from the Almaraz and Trillo plants.

R&D&I

ENUSA will continue investing resources, both economic and human, in R&D&I projects. The objective is to have the most innovative technology for the equipment and processes, in order to improve both the end product offered to customers and the environmental safety and quality standards. R&D enables it to maintain the company dynamics and offer a product that is tailored to the requirements of each customer.

In 2018, almost 7% of the fuel sales has been allocated to R&D, and ENUSA has participated in a large number of national and international nuclear development projects and programs in collaboration with licensing partners, other companies with which it has technology agreements, regulatory bodies and customers.

ENUSA continues to have a presence in all the national and international forums, in order to incorporate the latest technologies that serve to enhance the products and services, and it also takes part in different R&D&I projects in order to analyse the performance of irradiated fuel and the new fuel designs.

Internationalization

There was a lot of commercial activity in 2018 in the development of international business. Part of this activity is the result of contracts signed in previous years. Work has continued in 2018 on the design and manufacture of visual inspection equipment for pastilles for the Yibin plant (China) which will be delivered in 2019. Work has also continued with the Suzhou Nuclear Power Research Institute (SNPI) on improving the SICOM-COR equipment delivered in 2017. In relation with this equipment, support services for inspection have also been provided, with Tecnatom, for the Hongyanhe-1 and Ling Ao-3 plants in China. This last campaign has shown the suitability of the modifications made to the SICOM-COR equipment which, along with the thorough maintenance carried out in China, led to the client asking for more measuring capacity for the equipment that was not considered in the original order.

A new technical-commercial mission was carried out in late 2018 aimed at Chinese fuel manufacturing facilities, where several business opportunities were expected to emerge in 2019.

Business opportunities were also spotted in Mexico related with the services for handling radioactive waste for the Laguna Verde plant. ENUSA has held several meetings in Mexico with its partners in the dismantling business, ENSA and Tecnatom, to position itself to bid for the tender which will take place in 2019.

Discussions are currently under way with companies in the United Arab Emirates and South Korea for the future supply of equipment and services, and negotiations with the American company Holtec are expected to restart to supplying equipment for the Koeberg plant in South Africa.

Customer Satisfaction Surveys

The quality of the services that ENUSA provides to the customers is measured by two different indicators:

- In the first place, their degree of satisfaction is measured through the analysis of certain indicators, whose evaluation and results can be obtained through conducting personal satisfaction surveys with the customers or through self-evaluation of different projects, an indirect method that was developed several years ago and with which the most important aspects for the clients were evaluated objectively.
- On the other hand, possible dissatisfaction is analysed, accepting the complaints and/or claims that might address the customers in relation to specific events regarding the services that ENUSA provides to them.

The analysis carried out in the year 2018 for the Ascó I, Almaraz 1 and 2 and Vandellós II refuellings and for different French EDF projects, all come from the self-evaluations conducted with the indirect method, since there was no opportunity to conduct any of the personal surveys as the necessary conditions were not met. It should be recalled that the self-evaluations record the satisfaction with each Project in a precise form, based on the Critical to Quality (CTQ) parameters that the customers have referred to on previous occasions and on the resulting experience of the many meetings that are held with them regularly.

The result obtained reflects an average of 8.1 corresponding to PWR national refuellings delivered for the year 2018. In case any aspect is detected that may require it, these self-evaluations can lead to the corresponding Action Plan to establish the corrective measures that may be necessary to remedy these specific points.

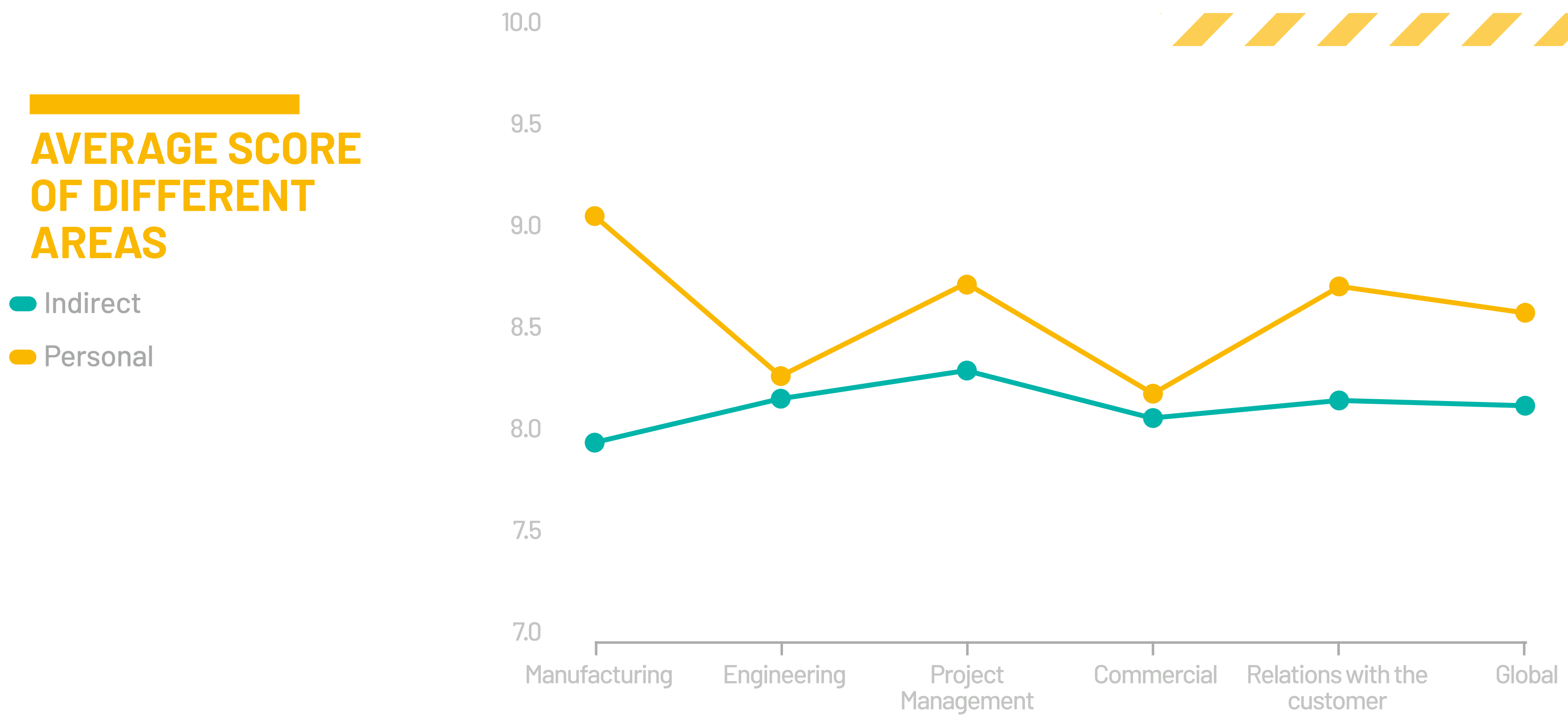
With the certainty that the indirect method and the analysis of the different parameters carried out produce a true measurement of the degree of satisfaction, the need for conducting personal surveys should be insisted upon which validate the obtained results. We will continue insisting on their realization when the opportunity is presented, always with the acceptance of the customers who are ultimately those who receive these surveys.

A survey was carried out at the Cofrentes nuclear plant in 2018 which revealed general satisfaction with the supply and manufacture of fuel. It also led to an action plan which is expected to be completed in 2019.

As regards complaints and claims, 2018 saw the implementation of actions arising from the ANAV complaint of 2016, which has therefore been closed, with no new complaints received during 2018.

ENUSA continues being very attentive to any aspect or comment that comes from a customer in order to fulfil all the contractual commitments and obligations with utmost rigour and reliability. In the context of the digitalization strategy, a project has started to raise awareness of the clients' real needs, the "Customer Journey Map". The conclusions of this project shall be considered in 2019 when updating the Digitalization Plan, to improve the services offered by ENUSA.

AVERAGE SCORE OF DIFFERENT AREAS



ENVIRONMENTAL AREA CUSTOMERS

During 2018, although the Technical Environmental Office has been reducing its number of employees and the activities have continued being carried out along two main business lines: the provision of environmental services, and the area of new developments.

Furthermore, and in accordance with Strategic Plan of the ENUSA Group's environmental business, the external activities that the Office has been carrying out have been incorporated to the Emgrisa's portfolio of services.

The most relevant activities carried out in each of the aforesaid areas are as follows:

Environmental Services

As in previous years, the provision of services has continued in two main fields of action: support engineering services to other activities of ENUSA and the environmental radiation monitoring programs:

Engineering support services for other activities of ENUSA

Three lines of action should be noted in the context of the close collaboration maintained with the Saelices el Chico centre: first, the collaboration with the centre's technical staff in reviewing the documents required by the Nuclear Safety Council in the dismantling and closure of the Quercus Plan facilities; secondly the coordination and monitoring of the TEKURA Project R+D that uses technosols to prevent acid mine run off, and finally a feasibility study of part of the Saelices land for the construction of a solar energy field.

As regards the technosols, this year has seen the justification of the first of the two milestones of the TEKURA Project with the Centre for Industrial Technological Development (CDTI in Spanish). This development of this R+D project is shared with three collaborators, Emgrisa, CIEMAT and the University of Santiago de Compostela. There has also been technical collaboration by Saelices and Emgrisa staff in the replanting, manufacture and spreading of soils to prevent the creation of acid mine run off.

Similarly, close contact has been maintained with Emgrisa for surveillance programs, especially those with radiological content, as well as for the presentation of qualifications in environmental services of the ENUSA Group. This year, two milestones can be highlighted in the cooperation with the environmental subsidiary: on the one hand, collaboration in the analytical monitoring and location of waste in the TEKURA Project and the technical advice on the operation and supervision of the Biogas Plant.

As collaboration with the manufacture of fuel elements in Juzbado, and linked to the project for replacing the installation's diesel boilers used in the HVAC and hot water (ACS), besides continuing the normal use of the boilers, the required documents have been submitted to the Institute for Energy Diversification and Saving (IDAE in Spanish) to justify the subsidy awarded for this project to improve the profitability of the plant. The objective of this substitution, in addition to saving energy and increasing energy efficiency, is to improve safety by eliminating the storage of fuel within the Factory facilities and, at the same time, reduce gas emissions.

Environmental Radiation Monitoring Programs

- Water control program in the vicinity of the former and jar uranium factory (FULA) in Jaen. Sampling activities carried out by Emgrisa.
- Long-term Institutional Monitoring Program of the reclaimed site of the LOBO-G Plant in La Haba (Badajoz). Sampling activities carried out by Emgrisa.
- Monitoring and Maintenance Programs of the reclamation works at the former uranium mines of Valdemascaño and Casillas de Flores, both in the province of Salamanca.
- Economic and administrative coordination in the environmental dosimetry service for Berkeley in Villavieja de Yeltes and Retortillo (Salamanca).
- Environmental dosimetry works contracted by Geocisa for the new installations of José Cabrera, El Cabril, Vandellós and Ascó.

New Developments

In the area of New Developments, ENUSA has continued to operate the Biomethanation Plant of agro-animal and agro- industrial waste in Juzbado (Salamanca), which has been operating uninterruptedly since early 2012. In this plant, anaerobic digestion of the wastes is used to produce biogas which supplies a cogeneration motor and/or boilers producing electric and thermal power, while the pollution load of the wastes is reduced.

In 2018, the Plant has treated a total of 9,142 tons of agro- animal and agro-industrial wastes, supplying a total of 1,033,194 kWhe to the electric power distribution grid, whereby at the end of 2018 an accumulated value of 13,898,535 kWhe has been injected to the grid.

On the other hand, since the new boiler system entered into operation in 2016 which works on the basis of biogas and natural gas, the biogas plant has supplied a total of 4,845,071 kWht to the Juzbado Factory to meet this facility's HVAC and sanitary hot water needs, with 2,283,909 kWht being provided in 2018.

In relation with this Plant, this year saw the signing of an agreement between Emgrisa and Enagas to assess the option to increase the Biogas generating capacity for addition to the biomethane network. Emgrisa has been able to count on the Office's technical guidance for this.

Within this area, and in relation to the LIFE Ammonia Trapping Project for the recovery of ammonia from liquid (purines and digestates) and gaseous effluents, in which the Office directly participates, the modifications necessary have been carried out this year and the prototype liquids transferred to the Biogas Plant of Juzbado to make the necessary practices during 2019. This three-year project, which has received 70% of the subsidised cost from the European Commission, is being made with the participation of the Instituto Tecnológico Agrario de Castilla y León (ITACYL), the University of Valladolid and three companies in the livestock sector.

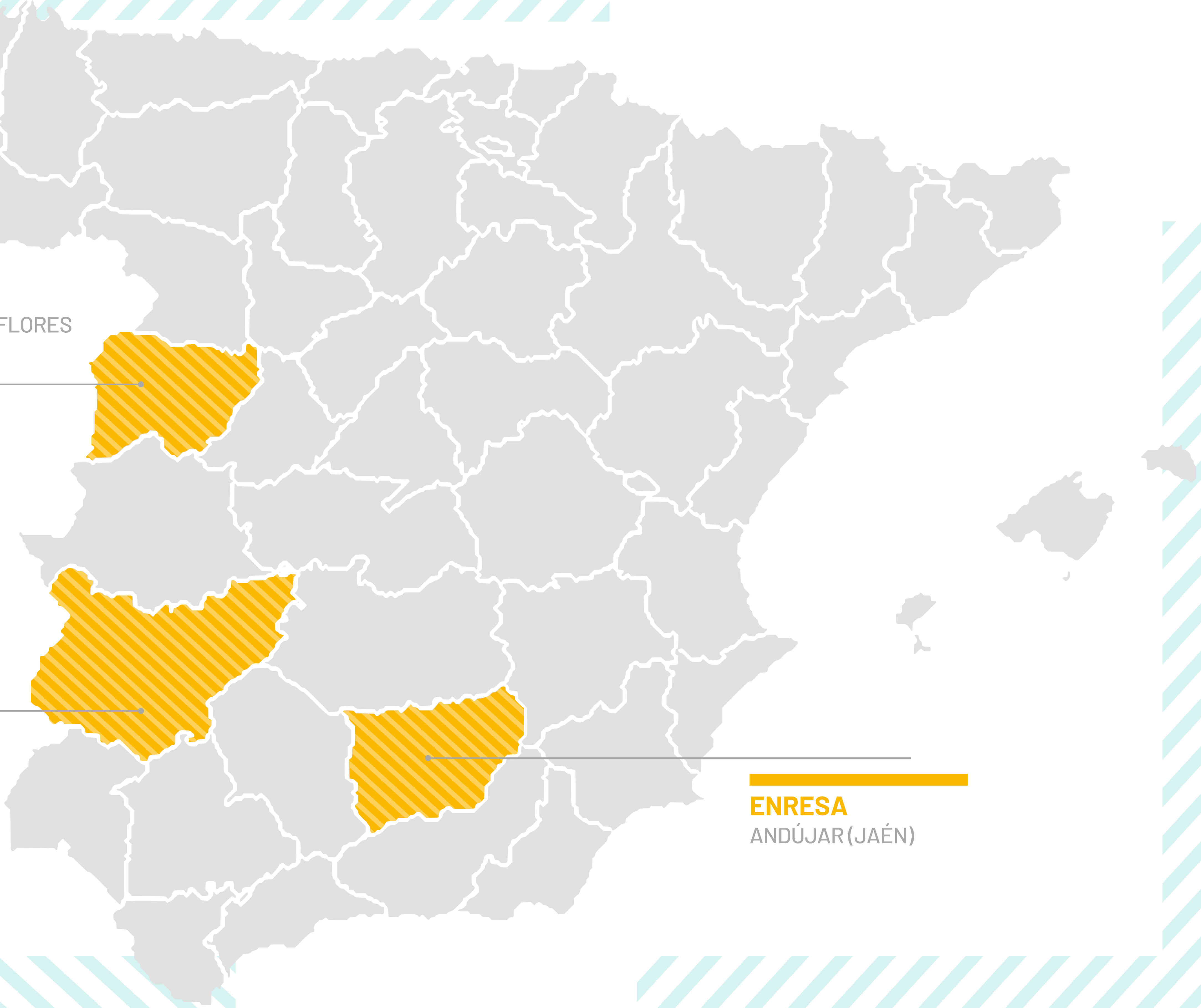
MAP OF THE ENVIRONMENTAL TECHNICAL OFFICE CLIENTS

GNERA
JUZBADO (SALAMANCA)

ENRESA
VALDEMASCAÑO AND CASILLAS DE FLORES (SALAMANCA)

BERKELEY
VILLAVIEJA DE YELTES AND RETORTILLO (SALAMANCA)

ENRESA
LA HABA (BADAJOZ)



ENRESA
ANDÚJAR (JAÉN)

5. Suppliers

VALUE CHAIN

The Nuclear Fuel Cycle is the series of operations required to manufacture the fuel for nuclear power plants, as well as to treat the spent fuel produced by plant operation. The so-called open cycle includes the mining, uranium concentrate production, conversion to UF6 and its enrichment (if necessary), manufacture of the fuel assemblies, their use in the reactor and storage of the irradiated fuel assemblies.

ENUSA actively takes part in all the phases of this value chain, purchasing all the components of the enriched uranium (uranium concentrates and conversion and enrichment services) for the Spanish Nuclear Power Plants on behalf of the owner electric utilities, manufacturing the fuel assemblies not only for the majority of the Spanish plants but also for many other European plants, and collaborating with its customers and ENRESA in the safe storage of the spent fuel.

The subsidiary Emgrisa provides a wide range of environmental preservation services for contaminated soils and waters, treatment of industrial waste, engineering and environmental consultation, as well as the design, development and running of treatment units for contaminated soils and/or waste.

Its supply chain includes suppliers and subcontractors for the design, operation and supply of materials and other key support activities.

ETSA is a global and intermodal transporter of complex and hazardous goods subject to great responsibility, and it works in three sectors with very different needs that require distinct specialist operating structures, material and human resources.

- Logistics for nuclear medicine and general radioactive products for research and industry.
- Nuclear Industry.
- Dangerous chemicals (ADR) in tanks.

ETSA's range of services include: Specific studies of flows and itineraries, supply of packaging and approval of bulks and loading instructions, preparation of procedures and documents for dispatch, loading of vessels and aircraft, physical and radiological protection and other related services.

MAIN SUPPLIERS

Procurement

The procurement of uranium in ENUSA mainly consists of the management of the purchases of the uranium concentrates and of the conversion and enrichment services for making the enriched uranium required for the functioning of the Spanish nuclear reactors available to the customers. This management is done under the safety parameters of the supply and according to the rules and applicable regulations that are under the authority of EURATOM and IAEA.

The suppliers with which it is contracted are leading companies in the uranium market. The number of companies with which we have had contracts in this year were eight, some of which not only supply the uranium product, but also conversion and enrichment services.

The majority of the suppliers are located geographically in the western world, Europe and America, and another part in Africa given that this continent is an important producer of uranium.

The procurement of uranium functions in a carefully regulated sector controlled by international organizations in which all the steps of the supply are made under the strictest standards of quality and safety.

Manufacturing

In 2018, the purchases and investments of the Juzbado Factory have amounted to 82.32 million EUR, itemized as follows:

- National: 15.67 million EUR
  - Castilla y León: 3.48 million EUR
    - Salamanca: 2.19 million EUR
- Abroad: 66.66 million EUR

Emgrisa's suppliers are diverse as a result of the wide range of services the subsidiary provides. It provides consultation services for design as well as excavation, transport, drilling, dismantling, construction, installing, maintenance and supply of materials. It also has laboratories that offer support services for vital activities.

The suppliers of ENUSA are classified in three main groups according to the nature of the supplies:

- Level A supplier: Transport of hazardous and non-hazardous materials by land.
- Level B supplier: Subsidiary and complementary transport or environmental services that are neither levels A or C.
- Level C supplier: Transport of hazardous and non-hazardous materials by sea.

Most of the suppliers are located in Spain, but ETSA has a European distribution network and authorization from all countries of origin, transit and destination.

QUALITY IN SUPPLIERS

Only the suppliers included on ENUSA's Approved Suppliers List (LSA) are authorized to supply goods and services that affect the product quality and/or the safety of the facility.

These suppliers have been evaluated and approved in accordance with a documented procedure that requires periodic reassessment (at least every three years) to ensure that the conditions that initially justified their approval are being maintained.

The type of evaluation is defined according to the requisites of the quality guarantee required by the applicable regulation that ENUSA and/or its clients establish through their contracts, and considers the importance, complexity and degree of control on the element or service to acquire that ENUSA exercises through its own implemented quality management system.

The suppliers of ENUSA are classified in four large groups according to the characteristics of the supplies:

- Those related to manufacturing processes of nuclear fuel.
- Those related to the operation processes of the Juzbado Factory.
- Those related to engineering services.
- Related to the supply of equipment and services and the operation of fuel for customers in the nuclear sector.

Their selection, evaluation and subsequent approval is based on one of the following criteria:

- Evaluation of the supplier's capacity to provide the goods or services to be acquired and of the supplier's quality system by means of an audit according to requirements of nuclear standard: UNE 73 401, 10CFR50 Appendix B or ASME NQA-1.
- The supplier's Quality System assessment according to requirements of nuclear standard UNE 73 401, 10CFR50 Appendix B or ASME NQA-1, to identify compliance with the technical and quality requirements of the supply, as well as the control exercised over it – product inspection or service supervision.
- Supplier Quality System assessment by a third party being valid, in accordance with the supply or service, la certification pursuant to the ISO 9001 standard by an accredited entity, ENAC accreditation or equivalent (ILAC) according to the ISO/IEC 17025 standard, approval or authorization by a competent official authority or any other applicable related entity.

EXTENSION OF CORPORATE SOCIAL RESPONSIBILITY TO THE VALUE CHAIN

Emgrisa has a network of approved suppliers that is evaluates regularly and after every project. The criteria evaluated include the service provided, the quality of this, the times, environmental management and prevention of workplace risks.

Only ETSA's suppliers included in the Approved Supplier List can provide transport and other associated services. These suppliers have been evaluated and approved in accordance with a documented procedure that requires periodic reassessment (at least every three years) to ensure that the conditions that initially justified their inclusion in the list are being maintained. The evaluation of suppliers takes their score for their attitude towards environmental management and quality management in relation with the elements and services they provide.

One of the ENUSA long-term goals is to transmit its responsible practices to its suppliers. Therefore, the supplier evaluation and qualification also takes into consideration the environmental management systems related to the supplied products and services, as well as their commitment to Social Responsibility in the conduct of their businesses in an ethical, principled and transparent manner.

ENUSA evaluates this aspect regarding its suppliers taking into account their level of adherence to the Ten Principles of the United Nations Global Compact in the areas of human, labour, environmental rights and the fight against corruption.

As regards its Uranium supply, ENUSA has taken another step and expressed its interest in the policies and practices of the suppliers it works with. The Department of Corporate Social Responsibility has made a study on the RSC policies and practices of the uranium suppliers it works with.

This study, which started in 2013 and continues today, takes the form of a questionnaire that gathers information of interest as part of the Corporate Social Responsibility Policy. It also makes regular updates on various suppliers to learn about any advances and the current situation on this topic. It currently has questionnaires from twenty-five suppliers of uranium concentrates as well as conversion and enrichment services.

There is a Code for Suppliers and Subcontractors, which is intended to ensure that the suppliers adhere and commit to basic principles of ethics and professional conduct. The implementation of this document started in 2015, with the principles included in the contracts signed with uranium suppliers. From 2017, there has been a separate document for the suppliers of the Juzbado centre, which has been signed by 174 suppliers of the factory without any issues arising.

6. Quality

For ENUSA, quality is a strategic factor and basic mainstay in all its activities that results from a series of factors and elements in the company that, all together, lead to the best products and services to satisfy its customers and that are produced safely for its workers and the environment and profitably for its shareholders.

The following audits were carried out in 2018:

AUDITS CARRIED OUT IN 2018

Internal Audits Performed	8 Management 10 Quality Management 1 Environmental Management
External Audits Received	9 Quality Management 3 Environmental Management
Supplier Audits	10

CONTINUOUS IMPROVEMENT

On the road to excellence, ENUSA continues to work on Continuous Improvement, a basic tool that includes a series of techniques focusing on the analysis, rationalization and optimization of productive processes. This continuous improvement policy is essential in order to maintain the strategic lines in the fuel business and to assure growth and competitiveness.

At the organizational level, the Continuous Improvement Program is comprehensively managed and coordinated by the Quality Committee, which is formed by the heads of the ENUSA operating organizations. Reporting directly to this Committee are the Quality Improvement Groups (GMCs of Manufacturing, Design and Supply), which develop the quality objectives by creating Operating Groups (GOCs) and follow up their work and approve the improvement proposals. With this structure and associated work method, the various organizations involved in Continuous Improvement can work in unison and pursue common goals.

At the end of 2018, ENUSA had 1 Master Black Belt dedicated full time to improvement activities, and 7 certified Black Belts and 42 certified Green Belts. Throughout 2018, a total of 11 GOCs have been launched and another 4 completed in the Juzbado and Madrid Centres together.

The various improvement projects that have been under way throughout 2018 include the following GOCs: "Determining the most effective method for confirming the different types of P-RVs", "Pastille inspection in IAP2", "Positive indications in Gd PWR rods", as well as a number of working groups to acquire better knowledge of the ceramic process.

Furthermore, and in relation to the Improvement Plans, a total of 31 improvement actions (some of them GOCs) were initiated, distributed as follows:

- Manufacturing > 8 actions
- Central Services > 4 actions
- Design > 5 actions
- Supplies > 3 actions
- Information Systems > 11 actions

From an institutional perspective, ENUSA, holds the Vice-presidency of the Operating Excellence Committee of the Quality Community of the Spanish Quality Association, as well as membership of the SC3 Sub-committee for AENOR Statistical Methods.

PERFORMANCE MANAGEMENT

The mission of the Performance Management Organization (GCOM) is to promote the improvement of safety-oriented leadership capabilities and human performance through the systematization of work practices that focused on the prevention of human errors through leadership, improved human reliability, learning from experience and operative communication.

The two-year Organization and Human Factors Program (POyFH) supports the series of critical actions required to achieve continuous improvement of the human performance of all the workers and at all organizational levels, and preferentially in those whose activities have an impact on the facility's safety and on the quality of the manufactured product.

Also developed are other kinds of actions of a more operational nature which, although not included in said program, are carried out by Performance Management with the same aforesaid objective. Of note here are the Safety Culture Assessment, training in Safety Culture and Human Factors, and Root Cause Analyses of non-desirable events in order to identify corrective and improvement actions to reduce the probability of occurrence.

Standing out among the milestones achieved in 2018, as part of the actions defined within the Organization and Human Factors Programme are the progress in the Safety Culture improvement area, more intense work in the Work Management area, reinforcing the Supervisor's role in the running of installation activities through sessions with the Supervisor group, Head of Safety Management, Head of Licensing and Self-evaluation of Operations.

Other activities associated with the Operating plan for safety Culture improvements were the reinforcement by the managers of the factory organizations in the annual training sessions on safety in the use and adherence to procedures, the preparatory meetings and those of work evaluation, as well as the use of the INCIFAB, as a tool for attracting the aspects related to Safety, Quality and Manufacturing that the personnel identify which must be evaluated by the organization.

QUALITY IN OUR PRODUCTS AND SERVICES

Fuel Area

The quality of products and services is vital for ENUSA and therefore the responsibility does not end with delivery of the product to the customer, but rather, for each stage of the fuel assembly cycle, there is an evaluation to ensure there is no risk to the health and safety of workers, customers and the general population.

Life cycle of the fuel element:

1. Fresh fuel storage in the plant.
2. Loading and unloading from the reactor core (normally 3 or 4 times over the lifetime of the fuel).
3. Operation in the core to generate energy (normally 3 or 4 cycles of 12 to 24 months each).
4. Spent fuel storage.
5. Reprocessing (optional).

In view of the characteristics of the product manufactured in ENUSA, 100% is subject to current regulations and procedures that require exhaustive information:

The ENUSA quality system is basically structured according to the criteria of standard UNE-EN-ISO-9001 "Quality Management Systems. Requirements", including the requirements of standards UNE-73 401 "Quality Assurance in Nuclear Facilities" and UNE-EN-ISO/ IEC 17025 "General requirements for the competence of testing and calibration laboratories". The ENUSA quality system also meets the requirements of standards 10CFR50 App. B, "Quality Assurance Criteria for Nuclear Power Plants and Fuel Reprocessing Plants" (Standard of the U.S. Nuclear Regulatory Commission – NRC, USA), ASME NQA-1 "Quality Assurance Requirements for Nuclear Facility Applications" and KTA 1401 (Nuclear Safety Standards Commission) "General Requirements Regarding Quality Assurance".

The detailed development of the quality guarantee criteria was carried out considering the instructions of the Nuclear Safety Committee in Spain and the other regulatory organisms who ENUSA supplies with fuel. These instructions set out the requirements related with the safe running or nuclear and radioactive facilities without undue risks for persons or the environment. The fuel assemblies should also meet these requirements in the different stages of their life cycle:

- Instruction IS-02 and Safety Guideline 1.5 specify the documentation required by the CSN to assess the safety and proper execution of the nuclear fuel renovation processes, identifying the activities on which information must be sent to the CSN, the contents of that information and the recommended deadlines for submission.
- Instruction IS-12 of the CSN defines the qualifications required for personnel whose work is related with the safe running of the nuclear plant.

Environmental Services

In order to assure the environmental services provided by ENUSA and as part of the activities involved in quality management, throughout 2018, the metering equipment calibration program has been kept updated at all times, and work procedures have been drawn up for the activities that have so required. All the efforts made in this respect have been reflected in the high degree of satisfaction indicated by the customers of the Environmental Technical Office (GTMA) in the different surveys that were conducted, and they have very satisfactorily judged the environmental services provided throughout 2018.

CERTIFICATIONS

From the very beginning, ENUSA Group has paid special attention not only to the quality of its products and services, but also to the quality of management in general. Proof of this are the quality and environment certifications it has obtained from independent accreditation entities.

Accreditations and Certifications ENUSA 2018:

- The first monitoring audit of the Quality Management System certification as per the new standard ISO 9001 was carried out in 2015, by AENOR.
- AENOR performed the follow-up and adaptation audit of the Environmental Management System to the new ISO 14001:2015 standard.
- AENOR performed the follow-up and adaptation audit of the Environmental Management System to EC No. 1221/2009 (EMAS III), modified by EU Regulation 2017/1505.
- The certification of the Quality Management System to the KTA 1401 standard has been renewed.
- Accreditation of the radiochemical testing laboratory techniques is maintained, as per standard ISO 17025 by ENAC with no. 368/LE735.

Affiliated Companies:

- Emgrisa
  - Quality management system, as per standard ISO 9001.2015 (certificate no. ES10/9160).
  - Environmental management system, as per standard ISO 14001.2015 (certificate no. ES05/0947).
  - Safety and health management system, according to ISO 5001.2018 standard, before OHSAS 18001.2007 (certificate no. ES11/9314).
  - Company accredited by ENAC (National Accreditation Entity) as an Inspection Entity, pursuant to standard ISO 17020:2012, for inspection activities in the environmental area concerning potentially contaminated soils and associated underground waters (accreditation no. 71/EI076).

- ETSA
  - Quality management system, as per standard ISO 9001:2015.
  - Environmental management system, as per standard ISO 14001:2015.
  - Certification of the Occupational Hazard Risk Prevention System.
  - EITA (European Isotopes Transport Association).

7. Adding Value to our Communities

ENUSA has a close relationship with the province of Salamanca because two of its three work centres are located there: the Juzbado fuel assembly factory and the Saelices El Chico Centre.

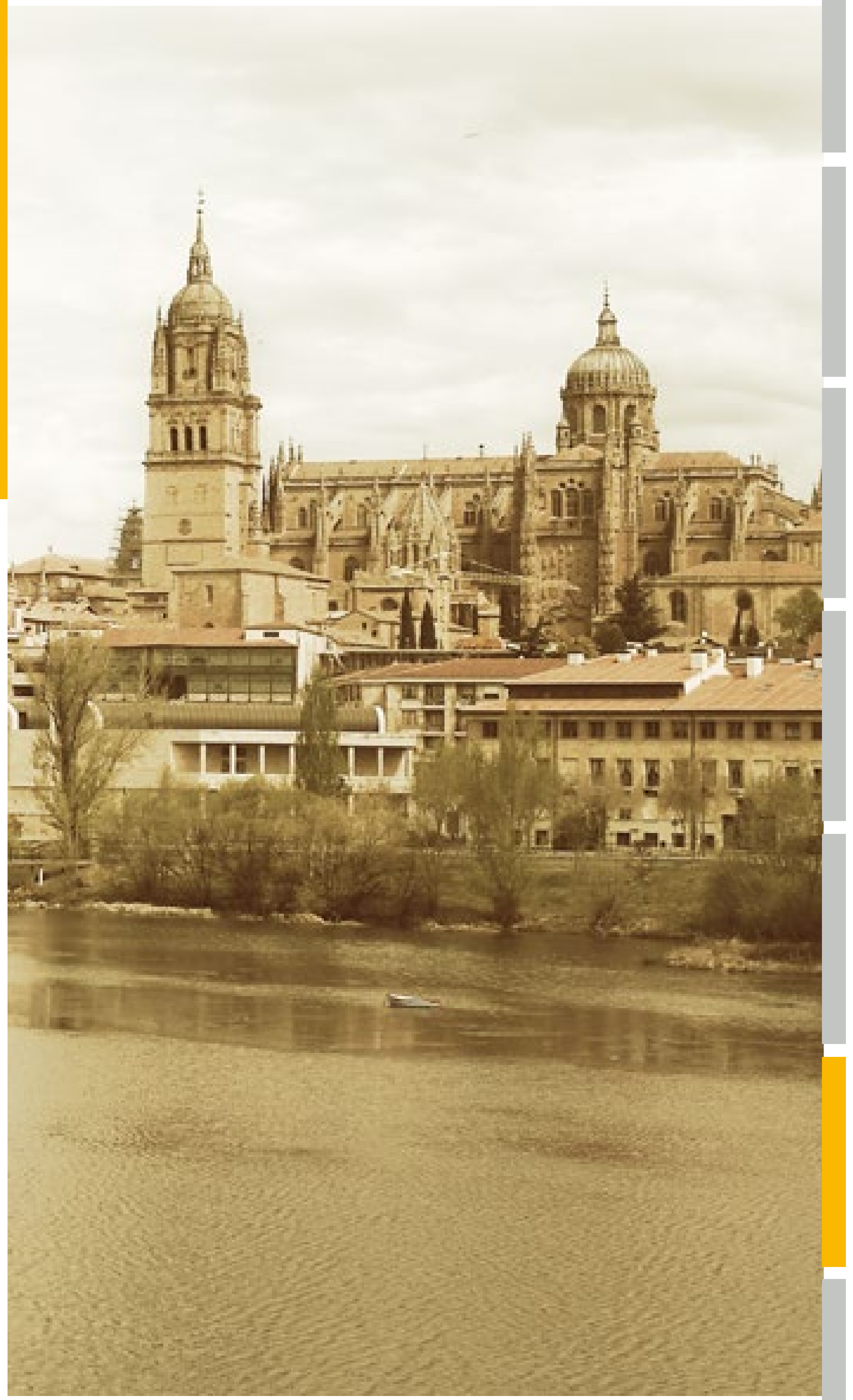
Between the two they employ more than 70% of the total staff, and most of the employees are natives of the Castilla-Leon region.

GEOGRAPHIC DISTRIBUTION OF THE ENUSA STAFF, IN PERCENTAGES

Madrid	31.95	
Juzbado	61.36	Total Salamanca Province 65.97
Saelices	4.61	
Castellón	2.08	
	100	

Also from this autonomous region are most of the young people who benefit from ENUSA's internship and practical training program through agreements with different educational institutions, which is intended to help introduce them to the labour market (see "Training" section, page 282).

In order to contribute the greatest possible added value to the region's economy, ENUSA gives priority in its purchases and service contracts to companies based in Salamanca, always within the framework of the Law 9/2017, of 8 November, on Public Sector Contracts. In this way, it indirectly benefits the



local economic fabric and, at the same time, there is a long-term transfer of best practices related to quality and the environment, since in many cases the suppliers have to meet certain requirements in this respect.

The following table shows the most significant data on the economic value added by ENUSA's presence in Salamanca:

ADDED VALUE OF ENUSA IN SALAMANCA (€)

	2015	2016	2017	2018
Suppliers	5,875,439.4	4,799,807	4,109,332	**5,172,789**
Customs	2,976,000	1,019,081	1,250,172	**842,037**
Taxes & Other Expenses	231,007.8	246,864	235,563	**289,749**
Visit Expenses	32,890	31,565	33,340	**49,345**
Payroll & SS	19,652,579	19,302,348	20,042,094	**20,751,556**
TOTAL	**28,767,916.2**	**25,399,665**	**25,670,501**	**27,105,476**

The objective of the activity of the Emgrisa subsidiary implies commitment to sustainability and a positive impact on the environment where it operates. The nature and demands of the setting often call for dialogue and cooperation with a number of local entities to complete the operations and logistics in question, resulting in actions such as the recovery of spaces, temporary employment and investment in the local region.

For its part, ETSA maintains a close link with the province of Salamanca because of the location of its work centre there and as the place where most of its workers come from and the young people taken on as apprentices to give them a first taste of the labour market. Besides the above, the scope of the services offered by ETSA covers the whole country, so its activity has a positive impact on whatever region it operates.

In the case of the temporary joint venture, the impact of its activity on local employment, development and quality of life is significant, because it is a public service for all towns in the north of the province of Castellón, which implies close contact with all the social and political representatives of local communities. Employment, apart from the directors, is all local.

A very important part of the communications are aimed at promoting good environmental habits among the residents of Zone 1, with visits to the facilities on the part of schools and other local associations. There are also competitions for school art, sculpture with recycled elements and waste, photography, cleaning of beaches and local beauty spots (littering) etc.

There are also collaboration programmes with universities in the area of influence, for conferences and for students to complete their theses.

On the other hand, there are also collaboration agreements with the two closest councils (festivities, sporting events, etc.) and two non-profit sports associations for encouraging general sports. The contributions in 2018 were:

- Cervera Council
- Càlig Council
- Club Ciclista Cadete of Cervera del Maestre
- Club de Futbol Base Atlético of the Maestrat

The following paragraphs provide more details of ENUSA's involvement in the conservation of the Salamanca historical heritage, the dissemination of its culture and the protection of its natural medium through various collaboration and sponsorship initiatives.

8. Social Action

ENUSA, aware of the demands of its stakeholders, has from the very beginning carried out activities that focus on creating a positive influence in the communities where it conducts its business, a business philosophy that has led it to pursue the best possible integration of its work both inside and outside the organization and to take an interest in the needs of the society where its centres are located.

Thus, instead of confining itself to providing certain products and services to its customers, ENUSA has always implemented management policies and actions in which values such as protection of the environment, promotion of education and research, support of training and culture and contribution to social causes play a fundamental role.

SPONSORSHIP AND PATRONAGE

Throughout the year, ENUSA has continued to collaborate with administrations, institutions, agencies and entities in its business sphere, to undertake sponsorship and patronage initiatives for supporting general interest projects.

ENUSA has had a Sponsorship and Patronage plan since 2013 in which it sets out its annual priorities for activities, with its collaborations with councils in its area of influence taking pride of place to develop projects that contribute to development and improving the quality of life for the

people who live there. The Operating Plan included in the Sponsorship and Patronage plan considers the annual sponsorship of environmental investments, cultural activities, local development and infrastructures requested by the councils in the area of influence as a constant factor, with the sums linked to financial availability.

Last year, it collaborated with the following general projects and organizations:

Cultural collaborations:

- Friends of the Reina Sofia Museum Association
- Friends of the Museo del Prado Association
- Ciudad Rodrigo Foundation 2006
- VIII Juzbado Rural Painting Competition: Murals
- 8th Centennial of the University of Salamanca

Academic collaborations:

- Fundación ASTI - STEM Talent Girl
- Association of Former Students and Friends of the University of Salamanca, "Alumni-Universidad de Salamanca" ("Alumni")
- International Commission on Radiological Protection

Sporting collaborations:

- Club BTT "Saelices el Chico"
- Asociación Club Fútbol Juzbado

Collaborations with Non-Governmental Organizations:

- Energy without Frontiers Foundation
- Down Toledo

Collaborations with local entities in the vicinity of the ENUSA Industrias Avanzadas fuel assembly factory in Juzbado:

- San Pedro del Valle Town Council
- Valverdón Town Council

Membership in professional associations and organizations (national and international):

- Spanish Association of Accounting and Business Administration
- Spanish Non-Destructive Testing Association
- Spanish Association for Quality (AEC)
- Spanish Energy Club
- Official Mine Engineer School of Minas del Sur
- Forética
- Nuclear Industry Forum
- Spanish Radiation Protection Society
- Spanish Nuclear Society
- Spanish Network for the Global Compact
- World Nuclear Association
- World Nuclear Transport Institute

OUTSTANDING COLLABORATIONS

STEM Talent Girl

To contribute to encouraging talent and the scientific-technological vocation of women, ENUSA has signed a collaboration agreement with the Fundación ASTI for developing the STEM Talent Girl project, which relies on the collaboration of the Education Departments of the Autonomous Communities and which consists of three training blocks:

- "Science for her", a programme aimed at identifying talent and encouraging dedication to STEM in pupils in the 3rd and 4th years of secondary education through masterclasses and sessions with female mentors.
- "Mentor Women" programme, in which 6th form and undergraduate students are mentored by STEM professionals who guide their professional development.
- "Real Work" programme, of grants and practical experience in tech companies for female entrepreneurs and recent graduates.

ENUSA has participated in the first two programmes, offering its employees the following specific options:

- Enrolment of daughters and workers' relatives in 3rd or 4th years of Secondary Education in the "Science for her" programme, currently running in the provinces of Madrid and Salamanca.
- Preferential attendance in the masterclass sessions at both sites.
- Participation of ENUSA employees as mentors with female pupils as part of its Corporate Volunteering Program, which will start in 2019.

8th Centennial of the University of Salamanca (USAL)

In July 2017, the "Collaboration Agreement between ENUSA and Salamanca University for activities within the Support Programme for the celebration of the 8th Centennial of the University" was signed, in which ENUSA joined the Collaborating Entities Committee for this event, which the Spanish Government classed as being of "exceptional public interest".

ENUSA's participation takes the form of two projects that have implied the practical application of its disposition to support heritage and culture, taking its collaboration with the University and its commitment to Salamanca one step further:

- The restoration of the manuscripts of the first donation to the General History Library, granted by Juan de Segovia in the 15th century.
- The co-sponsorship of the performance of Händel's opera "Radamisto" on 23rd April in Salamanca's Centre for Music and the Performing Arts (CAEM in Spanish). This performance was the last of the dates on the extraordinary music programme "Salamanca 800", organized jointly by Salamanca University and the National Centre for Music Performance (CNDM in Spanish).

VIII Juzbado Rural Painting Competition: Murals

On 21st October, the town of Juzbado held the VIII edition of the Rural Painting Competition organized by the local authority with the support of ENUSA. This edition saw the format change to murals, a new approach that puts Juzbado at the forefront of artistic expression as a tool to promote art and the rural environment.

A catalogue of spaces available for artistic intervention within the town was created and candidates were invited to submit their work, five of which were chosen to undertake the actual paintings.

The five murals chosen for this edition share the same subject, related with Juzbado, namely the countryside, the people and architecture. The works blend into their settings, combining art and nature, creating an open-air art gallery that welcomes visitors who come to walk the streets of the town.

Guided tours of the Reina Sofia National Arts Centre

In April 2018, ENUSA organized a guided tour so our workers could enjoy the exhibition "Pessoa".

In addition, we attended the following guided tours at the invitation of the Real Asociación Amigos of the Museo Nacional Centro de Arte Reina Sofía:

- ENUSA workers:
  - Soledad Lorenzo Collection. Personal issues
  - Telefónica Collection. Cubism(s) and experiences of Modernity
  - Eusebio Sempere
  - Russian Dada 1914-1924
  - Dorothea Tanning
  - Paris despite everything
- Children of ENUSA workers between 5 and 16 years of age:
  - Eusebio Sempere
  - Cubism

CORPORATE VOLUNTEERING

The ENUSA Corporate Voluntary Service Program was launched in 2015 in the area of Corporate Social Responsibility (CSR) and has the Management's support and commitment to promote it and allocate resources.

Its objective is to involve the employees in non-profit causes, projects and organizations by devoting their time, capabilities and talent.

The workers' participation is essential for this, as they are the ones who promote the different initiatives via the company's two volunteer groups (Madrid and Juzbado).

In this respect, the corporate voluntary service areas of ENUSA have been defined taking into consideration our values, our culture and the employees' interests:

- Environmental voluntary service
- Social voluntary service
- Professional voluntary service
- Outreach management

In 2018, there were eleven volunteer projects chosen in which the workers participated:

1. Employment interview workshop

On Friday 12th January, colleagues from the Human Resources and Organization Department volunteered to take part in an employment interview workshop arranged by the Asperger Association of Madrid.

6 young people diagnosed with Asperger's syndrome attended the activity as part of an Association programme for social and employment insertion, and the day served as personal training for them to face a selection process successfully.

2. Charity draw of computer material

A charity lottery draw was arranged in January with computer material scheduled for withdrawal, as a way of giving priority to the purchase of the equipment by employees and contributing to charity. All those taking part had to pay 5 euros, which went to the Cultural Association La Kalle.

This organization was chosen as recipient of the donations because its programmes for social and employment insertion include various options related with computing. All devices which were still available because they were not selected, as well as other equipment donated by employees (7 screens, 1 desktop computer and 1 laptop) were therefore donated to the charity as well.

The final donation was worth 1,045 euros, resulting from the sums given by the 208 participants.

3. ENUSA pedals with the Fundación Josep Carreras. 2018. “We won’t stop until we stop it” Initiative

ENUSA volunteers took part in the 2018 edition of the Titan Desert, one of the hardest mountain bike races in the world, which was held in the desert of Morocco this year and covered 700 km, in support of the charitable campaign against Leukaemia of the Fundación Josep Carreras.

A number of different actions were also taken by the corporate volunteering group in support:

Bone marrow donation campaign

Awareness sessions were arranged in collaboration with the Fundación Josep Carreras against Leukaemia and in coordination with our own medical service on the importance of making bone marrow donations.

These sessions enabled nearly a hundred attendees to see the work carried out by the Foundation and the medical aspects of bone marrow donation.

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Fundraising for the Josep Carreras Foundation Against Leukaemia through two different channels:

- Barbecue-Calçotada to raise funds

Held on the 10th March in Avila to enable the participation of all employees, both from Madrid and the province of Salamanca.

Around 140 people came together to enjoy a fun day out and contribute to this good cause, raising 3,500 euros (2,000 euros in profit and 1,500 euros donated by the company).

- Sale of equipment and technical shirts

During and after the event, technical racing shirts made to a design agreed between ENUSA and the MTB Team were sold. The 1,300 euros raised from the sale were donated to ASCOL, an association against Leukaemia and blood diseases from the province of Salamanca.

4. Blood donor campaigns

A blood donor campaign was run in May together with Emgrisa which enjoyed the collaboration of the Red Cross, who provided a bus and the medical staff necessary. The campaign was run again on December 3rd, at the request of the Red Cross.

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5. Participation in the VII Adapted Raphel on the Tajo

On Sunday 17th June, 7 ENUSA volunteers (in some cases with their families) took part in the VII Adapted Raphel on the Tajo with members of the Asperger Association of Madrid. Besides the ENUSA volunteers, the event also saw participation by members of Disney Spain (Disney Volunteers) accompanying members of the También Foundation, which works for the social inclusion of disabled persons and the promotion of educational values in adapted sports, leisure and free time activities.

Besides taking part in the competition, the day saw pairs of ENUSA volunteers and members of the Asperger Madrid make a 5-kilometre trip down the Tajo and a competition-exhibition of canoeists to show the paracanoe, a form of canoe for persons with functional diversity. The day ended with a paella for all those taking part and the awarding of prizes to the winners of the different categories.

6. Collaboration in the preparation of the end of course party

On Friday 22nd June, three ENUSA volunteers went to the headquarters of the Association to plan a celebration menu for 100 diners with two members of Asperger Madrid. The volunteers took charge of selecting the recipes to be made and showing the Asperger boys how to put them into practice.

Besides this, on Saturday 30th, the workshop supervisor and two new volunteers attended the place of the celebration (The Chapel of Virgen de la Torre, in Villa de Vallecas) to prepare the dishes and leave everything ready. This meant they could have direct contact with the diners and see for themselves the result of the work they had done. To judge from the number of messages of thanks received from the families of Asperger Madrid, they did an excellent job.

7. Implementation of a quality management system

A meeting was held in June to start a support project for the implementation of a quality management system in the Asperger Association of Madrid, attended by colleagues from the Quality Management Area as volunteers.

The ENUSA volunteers hoped to offer technical support for Asperger Madrid in the implementation and achievement of a quality management system in accordance with the *NGO Quality Standard*. The final goal is to implement a working model that encourages and guarantees that its programmes are correctly run.

There have been two more meetings in 2018 and there will be more in 2019, because Asperger Madrid is committed to preparing a draft Quality Manual to give to the ENUSA volunteers for joint review.

8. Clothes collection campaigns

In June, the I Campaign for collecting clothes was organized and managed to get 750 kilos which were donated to the Pato Amarillo Association to share among families at risk of social exclusion.

Bearing in mind the success of this campaign, the volunteer group decided to add this to the annual action plan, carrying out other collections during the year. In October, the II Campaign for collecting clothes took place and gathered over 400 kilos, taking the annual total to well over 1,000 kilos.

9. Basic computing course

To contribute the knowledge available in ENUSA to the need of vulnerable groups, four ENUSA volunteers spend their Monday and Wednesday evenings at the offices of the La Kalle Cultural Association, giving workshops in basic office suite s (Word, Excel and Power Point) to the users of the entity's social education programme.

The classes were educational for all concerned. On one hand, the learners were 20 young people taking part as volunteers in the association and who were a cross section of ethnic backgrounds, ages and different familiarity with technology. They took advantage of the classes to get to grips with programmes or to learn more about the tools that can make a difference to their employment prospects.

Both sides had a positive experience and the adaptation required efforts from all concerned. The work of this organization should be emphasised, both on the part of ENUSA for setting it up, and for La Kalle for its work to ensure the technical viability of the classes with hardly any resources.

10. III Food collection campaign

The week from 19 to 23 November saw the start in Madrid of the 3rd Food collection campaign "ENUSA Uno + 1" with this year's slogan of LOSE KILOS BEFORE CHRISTMAS.

Previous editions in the centre of Madrid raised 368 and 609 kilos, respectively, but this year yielded 770 kilos of donations in the form of food, a figure that was raised by the company's contribution, which was €1 for every kilo that the employees donated.

This sum was given to the Associations Pato Amarillo and the Madrid Child Oncology Association (ASION), who came to our offices on 28 November to receive the donations.

11. Charity children's film session

A children's film session was arranged on Sunday 16 December for the children, relatives and friends of employees, who saw "Kubo and the two strings".

The company paid the cost of hiring the space and the money for the seats was given in full to purchasing school materials for the Ramón Bedoya school in Esmeraldas, Ecuador. Between the adults and children, the 30 people who paid the tickets raised €150 for the purchase of school materials.

In October 2018, the Corporate Volunteering portal was launched (**http://voluntariado.enusa.es/**), a web page where updated information is published about Social Responsibility and corporate volunteering policies. A Newsletter has also been designed to support the Portal with monthly editions.

9. Communication with our stakeholders

At the ENUSA Group we aim to develop close communications with our stakeholders, using traditional channels that are an established part of our communications policy alongside other emerging channels suited to the society in which we find ourselves today.

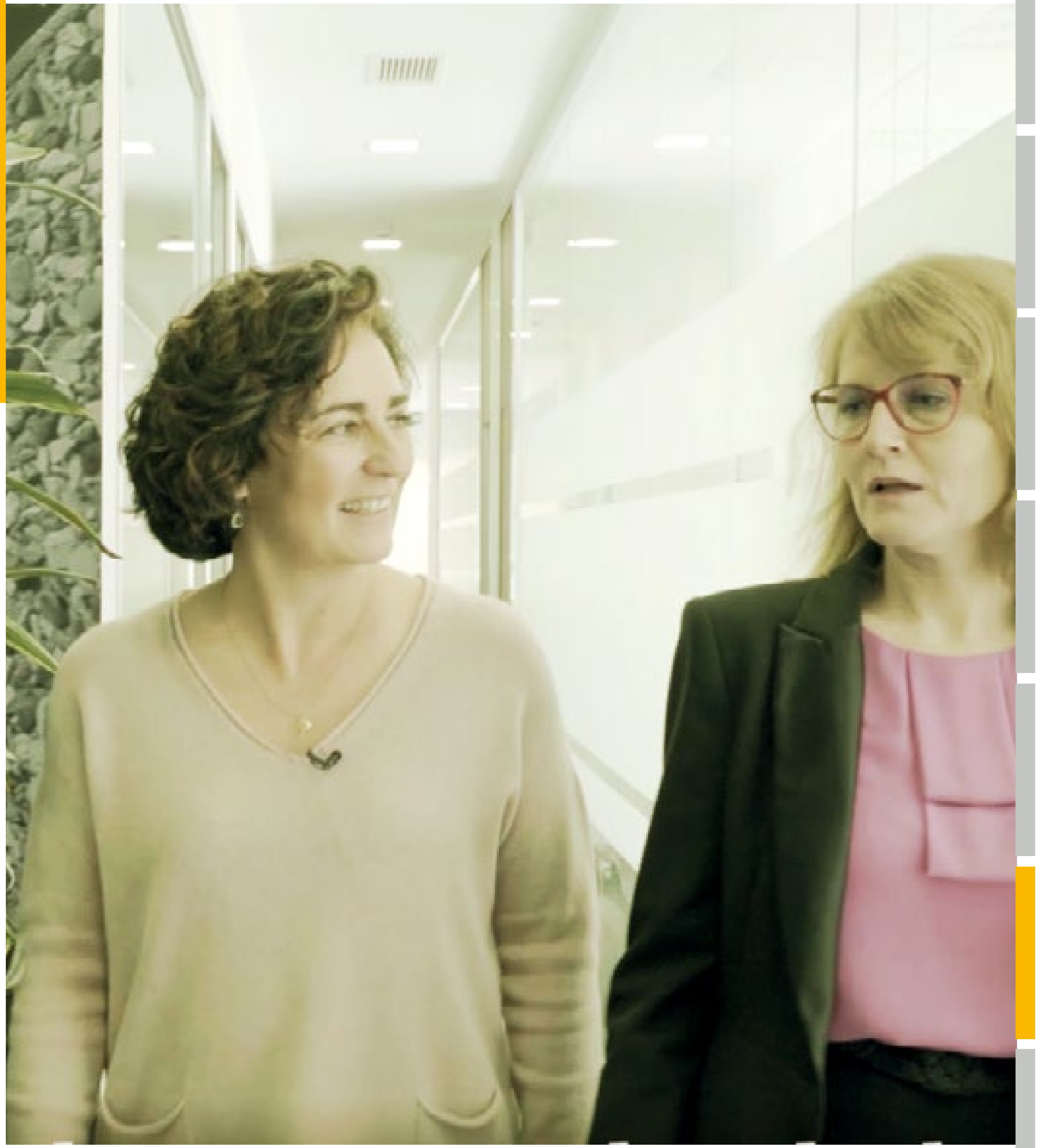
ENUSA communications in 2018...

INTERNAL COMMUNICATION

More information to get to know the company better.

End of Year Agenda

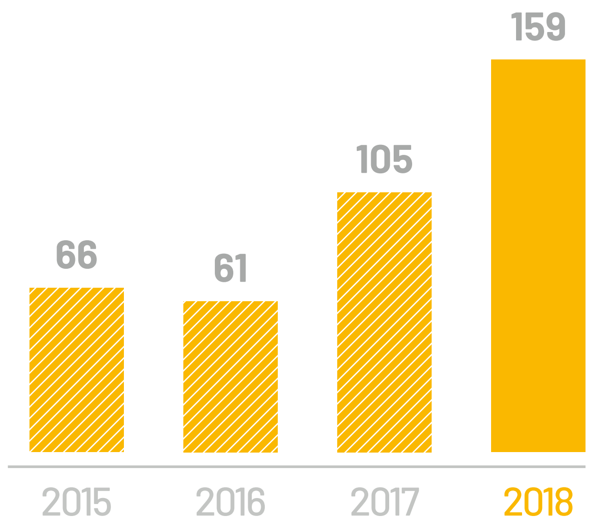
To create spaces for dialogue between ENUSA Group workers, the Agenda of End of Year Meetings was arranged in the different work centres for the different groups within the company. This means that we created the first individualised cards for each work centre.



Internal Notes

The internal notes continue being in ENUSA Group a direct and effective way to inform our staff of strategic subjects and of the business and labour subjects of social interest, cultural notices, etc. Through the two mailboxes created for this purpose, "Internal Communication" and "Relin", we continue communicating with the employees.

SENDING OF INTERNAL ENUSA COMMUNICATIONS



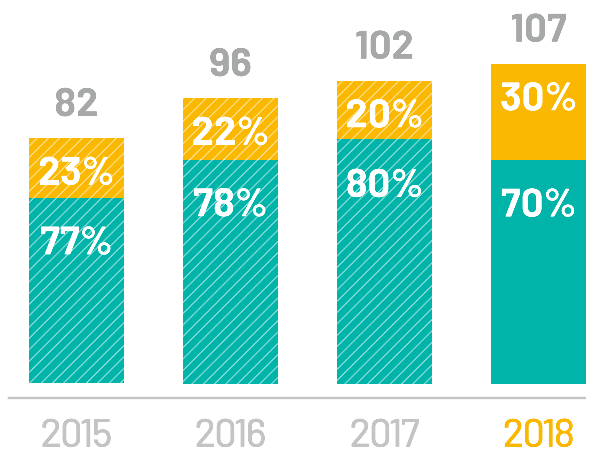
ENUSA IN THE MEDIA

The ENUSA Group sees the media as a key channel for being close to society in the areas where it operates. It has therefore followed the ideas in its Media Plan. This Plan has been a fundamental part in achieving this goal and will continue to be shaped by three aspects: advertising, content marketing and sponsorship of Financial and Business Forums.

NO. OF PRESS MENTIONS OF ENUSA

Local/Regional

National



COLLABORATION IN OTHER AREAS

One of the lines on which the Communications area has continued to work was its collaboration with other company organizations on questions of communication. It has continued its work with the Volunteer Group to spread news of its activities, including all the information and coverage in Twitter of our volunteers' participation in the Titan Desert competition.

Work has continued in the Corporate Social Responsibility Area, especially with the 8th Centennial of the University of Salamanca and the support for our corporate image in the new volunteering portal.

There is also the promotion of the STEM Talent Girl programme, which we have paid special attention to, not just because of our sponsorship, but because of the presence of daughters of ENUSA workers in the programme.

After signing the agreement to join the Collaboration Agreement on gender-based violence, the ENUSA Group assumed its commitment to divulging, internally and externally, everything related with this topic by the Government Delegation for Gender-Based Violence (DGVG in Spanish).

Support was given to the Supply Department in its organization of the international meeting of the World Nuclear Fuel Cycle (WNFC) which was held in Madrid this year and whose inauguration was attended by the President of the ENUSA Group and which included a visit by attendees to the factory installations.

We have raised the profile of the town councils in the area of influence of our Salamanca facilities in social media and the press. One example is the public interest in the open-air rural painting competition held in Juzbado, which was dedicated to murals this year.

We are also committed to our Sustainable Development Goals, collaborating in the promotion and participation of a sustainable future with ENUSA.

Work on the design of logos and promotional material

We have been working closely with the Equipment Development Area in 2018 to design and develop a catalogue to promote ENUSA inspection equipment. This work included the design of logos for each machine.

New logos were also developed for Internal Audits and the grouping ENUSA-ENWESA.

INFORMATIVE VIDEO OF THE MANUFACTURING PROCESS

2018 also saw the start of production for a new informative video about the manufacturing process carried out in the Juzbado plant, to show the public the work we are doing there.

VISITS

The limited time for this activity, due to reasons of physical safety, the ENUSA factory at Juzbado continues to work with universities and schools, through its Jóvenes Nucleares programme, to give talks about ENUSA and nuclear energy and offering Basic Courses on Science and Technology.

CONFERENCES AND FAIRS

- ENUSA again participated in China International Exhibition on Nuclear Power Industry (NIC 2018). As in previous years, the Chinese fair is an important meeting point for companies with interests in the Chinese nuclear industry and it is a great occasion for establishing commercial contacts. ENUSA was part of the pavilion shared by companies of the Spanish Nuclear Group for Cooperation (SNGC), coordinated by the Nuclear Industry Forum.
- ENUSA took part in the 44º Annual Meeting of the Spanish Nuclear Society which was held in Ávila and in which an amply group of employees participated in a number of technical sessions. ENUSA also took part once more with its own stand in the exhibitor space.

In 2018 we continued to use our usual channels of communication and some recently implemented ones:

- "ENUSA Nuclear Fuel" news bulletin
- Welcome manual
- Corporate Intranet
- ENU-Agenda
- relin@enusa.es Email
- "Comunicación Interna" Email
- Corporate communications
- Corporate Website
- B2B customer portal
- Twitter, YouTube, and Google +

If you would like to contact ENUSA Communication, send an email to **relin@enusa.es**

10. Main Successes, Deficiencies, Risks and Opportunities

SUCCESSES:

- Personnel experience and qualification.
- Good and demanding system for implementation and follow-up of improvement plans.

DEFICIENCIES:

- Impact of personnel contract regulations on public commercial corporations.
- Difficulties for diversity actions.

RISKS:

- Knowledge transfer and talent retention.
- Cybersecurity.

OPPORTUNITIES:

- Corporate Volunteering Program.
- Digital transformation.

11. Objectives

2018	DEGREE OF COMPLETION
To increase flexibility and adaptation to new scenarios through training.	Total
Epidemiological study WONCA Juzbado.	Total
Inventory and Classification of Accumulated Radioactive Waste.	Total
Achieve PWR fuel performance of 97% in all PWR plants without failure in the last 12 months.	Total
Review of the established system to prevent crime.	Total

2019
Qualification of the workers for correct performance of their assigned roles, maintaining and improving their knowledge, and updating these in accordance with the situation in which they work (ex. Digital).
ENUSA Road Safety Plan and Campaign for early detection of diabetes.
Send the Testing Plan for declassifying Waste to the CSN.
Review of the regulations on purchasing.
Continue with the Green Belt Training in all critical organizations.
Public ODS commitment: divulge and integrate into strategy.
Creation of a new corporate website, infocentre and internal social network.

Environmental

Performance

Index

1. Juzbado Fuel Assembly Factory

Located in the Salamanca town of Juzbado since 1985, ENUSA's fuel assembly factory is one of the most innovative in Europe, incorporating state-of-the-art technology that optimises resources and protects the environment.

The Center has a highly qualified, specialized staff that covers the full cycle of fuel production: uranium supply and storage and logistics of the components required for manufacturing, fuel production, control of the product quality level, equipment development for manufacturing of PWR, BWR and VVER products and management of the logistics and distribution to plants all around Europe.

The facility currently has a production capacity of 500 tons of uranium (t-U).

In 2018, 276.3 t-U were produced via input into the process of 356.9 tons of uranium oxide in powder form. Approximately 10% of the uranium oxide that is used reenters the process.

Because of the industrial nature of its activity, the Salamanca facility is governed by strict control of the working conditions of its workers and the environment. the International Commission on Radiological Protection and the Spanish Nuclear Safety Council (CSN), which in turn reports to the Spanish Congress on the operations of nuclear and radioactive facilities.

ENUSA has a Quality and Environment Management Department which develops the implemented Environmental Management System, as well as a Radiation Protection Service where the Environmental Management division develops the facility's environmental operations.

The radiological impact of the facility is controlled through the Environmental Monitoring Program (PVA) which comprises an Environmental Radiation Monitoring Program (PVRA) and the Environmental Chemical Monitoring Program (PVQA), which will be described in detail hereinafter.

The Center has six specialized laboratories that adhere to strict criteria of quality, independence, experience, professionalism, safety and environmental responsibility, as confirmed by the ENAC technique **certifications as per standard UNE-EN ISO 17025 and by AENOR as per standard UNE-EN ISO 9001.** These laboratories analyse samples from the manufacturing process, the Factory monitoring programs and the personal dosimetry process and conduct determinations of drinking water quality and discharge parameters.

ENVIRONMENTAL MANAGEMENT

From the time it was created, the Juzbado Factory has strived to carry out its industrial activities in an environmentally friendly way and to always ensure the protection and conservation of its surroundings.

Since April 1999, the Factory has implemented an Environmental Management System certified by **AENOR (Nº CGM-99/031)** pursuant to the requirements of **Standard UNE-EN ISO 14001:1996.** Furthermore, in July 2003, it adhered to **European Regulation 761/2001 EMAS** through assurance by **AENOR of its Environmental Management System (VDM-03/010)** and the **Environmental Declaration**, in accordance with the requirements of this Regulation. It is the first industrial facility in Salamanca to have obtained this assurance and the second longest certified facility in Castilla-Leon, a factor that evidences its high standards of excellence in environmental management and its strong commitment to environmental protection. In December 2016, it received a silver category recognition from the Castilla-Leon regional government.

In 2005, ENUSA adapted the Environmental Management System to **Standard UNE-EN ISO 14001: 2004**, a process endorsed by certification of the System (No. GA-1999/0031), in accordance with the requirements of the new standard, in the external audit conducted by AENOR in May 2005. Since 2010, the System has been adapted to the requirements of the new **European Regulation 1221/2009 EMAS III**.

In 2018 ENUSA certified the **Environmental Management System in accordance with the new standard UNE-EN ISO 14001:2015 and verified it against European Regulation 1221/2009 EMAS III, modified by the EU Regulation 2017/1505**, evidencing a great maturity, maintainability and reliability of the system, as well as **a very high degree of engagement by all company personnel** in its performance and in the application of best practices associated with it.

The ENUSA Environmental Management System comprises the following elements.

Organizational context: both the internal and external contexts are included, as well as the characterization of the interested parties (person or organization that may affect, be affected or be perceived as affected by a decision or activity).

Leadership: senior management should show leadership and commitment to the Environmental Management System.

- **Environmental Policy.** Public document which reflects the commitment of the ENUSA Management to the environment.
- **Organizational structure.** The ENUSA Systems and Quality and Nuclear Fuel Operations Managements are responsible for maintenance of the Environmental Management System.
- **Record of legal requirements and other applicable requirements.**
- **Risks and opportunities:** potential adverse effects (threats) and potential beneficial effects (opportunities).
- **Evaluation of direct and indirect environmental aspects caused by the Factory's activities.**
- **Action planning:** once the environmental aspects, legal and other implementation requirements, as well as the risks and opportunities have been identified, actions must be planned to address them.
- **Establishment of annual environmental targets and goals.**
- **Environmental Management Program.** Assignment of responsibilities and allotment of resources, with planning of the time needed to execute the different activities.
- **Worker training plan.** It is defined every year for all company personnel and covers three levels: raising awareness, improving qualification, and specific training for the job to be performed.
- **Operational control.** Monitoring of the environmental aspects of the Factory, divided into two blocks: radiological and non-radiological control.
- **Communication.** Primarily through the Environmental Declaration (validated as per the requirements of the EMAS regulation), and made available to the public on the ENUSA website (**www.enusa.es**).
- **Periodic evaluation of compliance with legal requirements.**
- **Annual audits of the Environmental Management System, which is subject to two types of audits:** internal and external (by the certification/assurance entity and also by customers).
- **Annual review of the System by the Management.** Formal assessment of the status and compliance of the Environmental Management System in relation to the declared Environmental Policy.

OPERATIONAL CONTROL OF ENVIRONMENTAL ASPECTS OF THE FACTORY

The Factory takes into account the factors that are assessed in a conventional industrial business and also, because of the specific features of its industrial activity, a series of especially significant radiological parameters. For this reason, its Environmental Management System is based on radiological and non-radiological operational control.

RADIOLOGICAL CONTROL

Monitoring of the Installation Working Conditions

ENUSA exhaustively controls the workstations and the possible exposure of its workers in order to guarantee the safety of the installations, check that the stipulated dose limits are met and minimize the doses by applying ALARA criteria ("as low as reasonably achievable"). Personal dosimeters, ambient samplers and individual controls of internal contamination are used for this purpose; the work times and the doses received by all the workers are also evaluated. The results of the analyses carried out on the factory workers throughout 2018 have been much lower than the established limits.

Radioactive Liquid Effluents

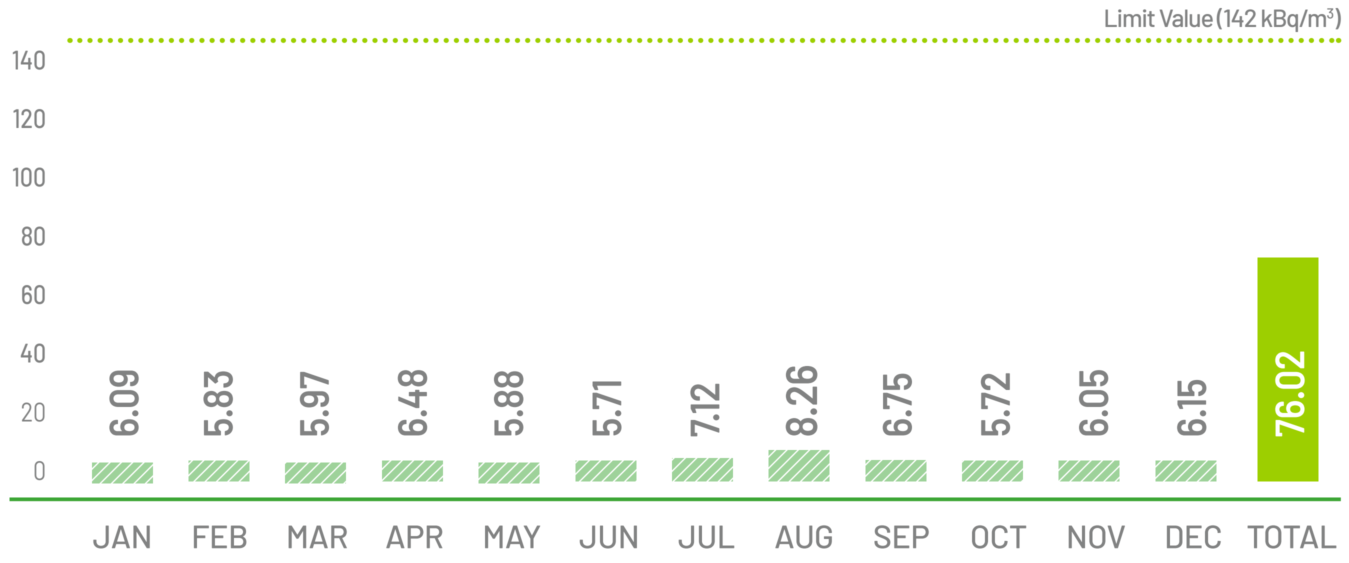
The factory discharges liquid effluents to the Tormes River. These discharges are controlled with a strict treatment system that ensures that their average concentration of overall alpha activity is within the limits set by current legislation. The discharged activity is less than the established limit, and the following measures are taken to ensure that limit:

- Limitation of water use in the factory ceramics zone.
- Application of treatment systems based on the use of decantation tanks, separation by centrifugation, press filters and power driven filters.
- Provision of a regulation pool.
- Control of the discharges to the river via a mixing basin, complying with the established instantaneous limit (142 kBq/m^3).

The following graphic shows the data for average monthly concentration (measured in kBq/m³) of activity discharged to the Tormes River via liquid effluents during 2018, together with the authorized limit:

RADIOACTIVE LIQUID EFFLUENTS 2018

Total alpha activity discharged to the river (kBq/m³)

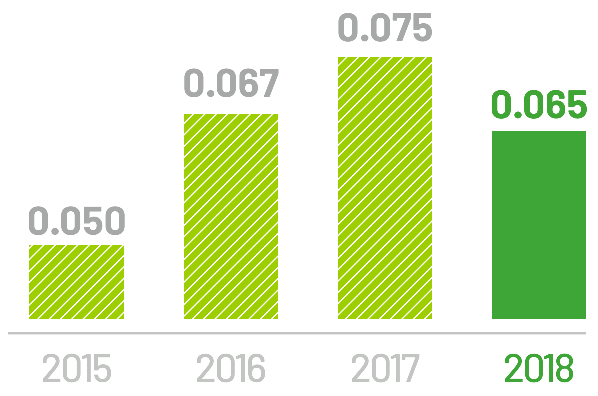


There was a decrease of approximately 14% in the average concentration discharged in 2018 with respect to 2017.

As for the evolution of total alpha activity with respect to the tons of uranium produced, a decrease with respect to the two previous years can be observed, which reverses the trend of the 2015-2017 period.

EVOLUTION OF RADIOACTIVE LIQUID EFFLUENTS

MBq/tU



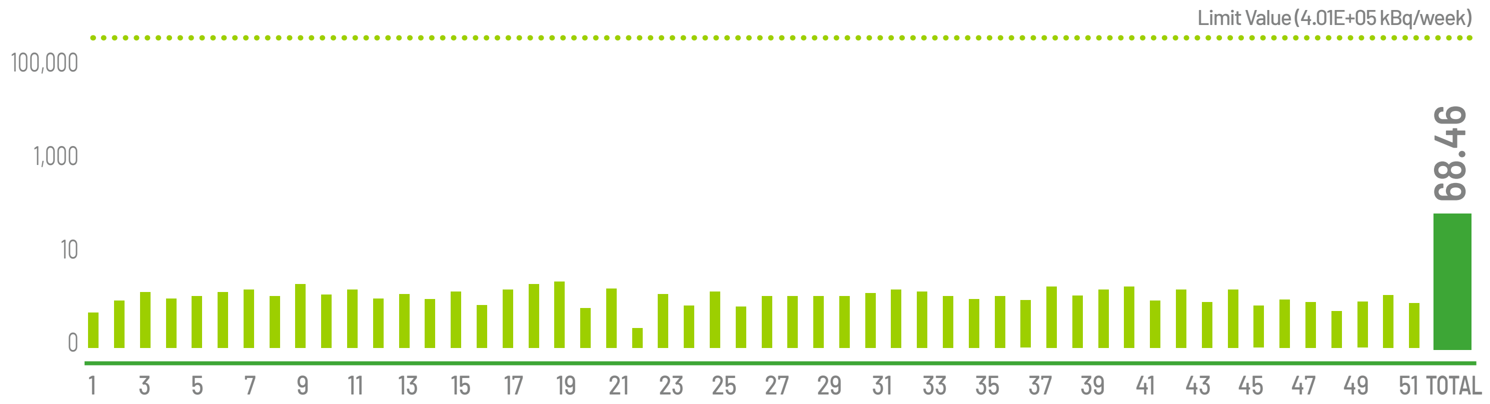
Radioactive Gaseous Effluents

The very design of the Juzbado factory manufacturing plant acts as effective protection against the risk of atmospheric releases of contaminating gaseous effluents. The facility has an **exhaust system** that controls the emission of gaseous effluents and ensures that the flow is towards the interior of the work zones by maintaining a depression inside the manufacturing plant; this system is equipped with a double filtering system provided with high efficiency filters in the final stage. In addition, a radiation protection system automatically controls the ambient activity in the different work zones and supplies periodic information on the activity and the emissions of gaseous effluents. In the event that the predefined warning values are exceeded, an alarm would be triggered so that actions can be taken immediately.

The graphic shows the data on total alpha activity released to the atmosphere during 2018 by weeks and the authorized activity limit for radioactive gaseous effluents (4.01E+05 kBq/week). The recorded values have been much lower than this limit:

RADIOACTIVE GASEOUS EFFLUENTS 2018

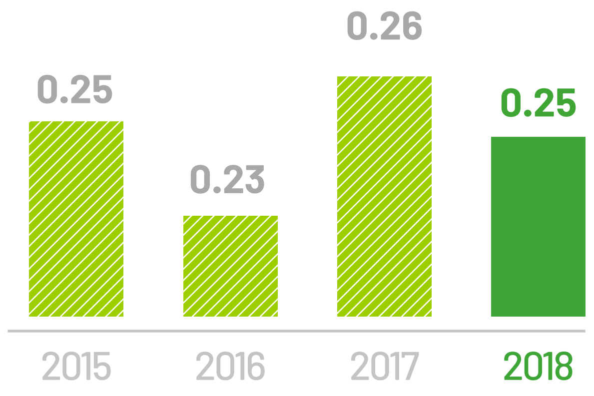
Total alpha activity released to the atmosphere (kBq/week)



The following graphic shows the alpha activity released to the atmosphere by gaseous effluents per ton of uranium produced, compared to that released in the three previous years.

EVOLUTION OF RADIOACTIVE GASEOUS EFFLUENTS

Alpha activity released to the atmosphere (kBq/tU)



Population Dose

The results obtained in 2018 from analyses performed on liquid and gaseous effluents are well below the authorised limits. For the most exposed group, the results obtained show insignificant values with respect to the authorized limits, of the order of 1.59E-02% of the effective dose limit and 6.10E-5% of the equivalent skin dose limit (considering that the limits stipulated in the Factory Operating Permit are 0.1 mSv for the effective dose and 5 mSv for the equivalent skin dose).

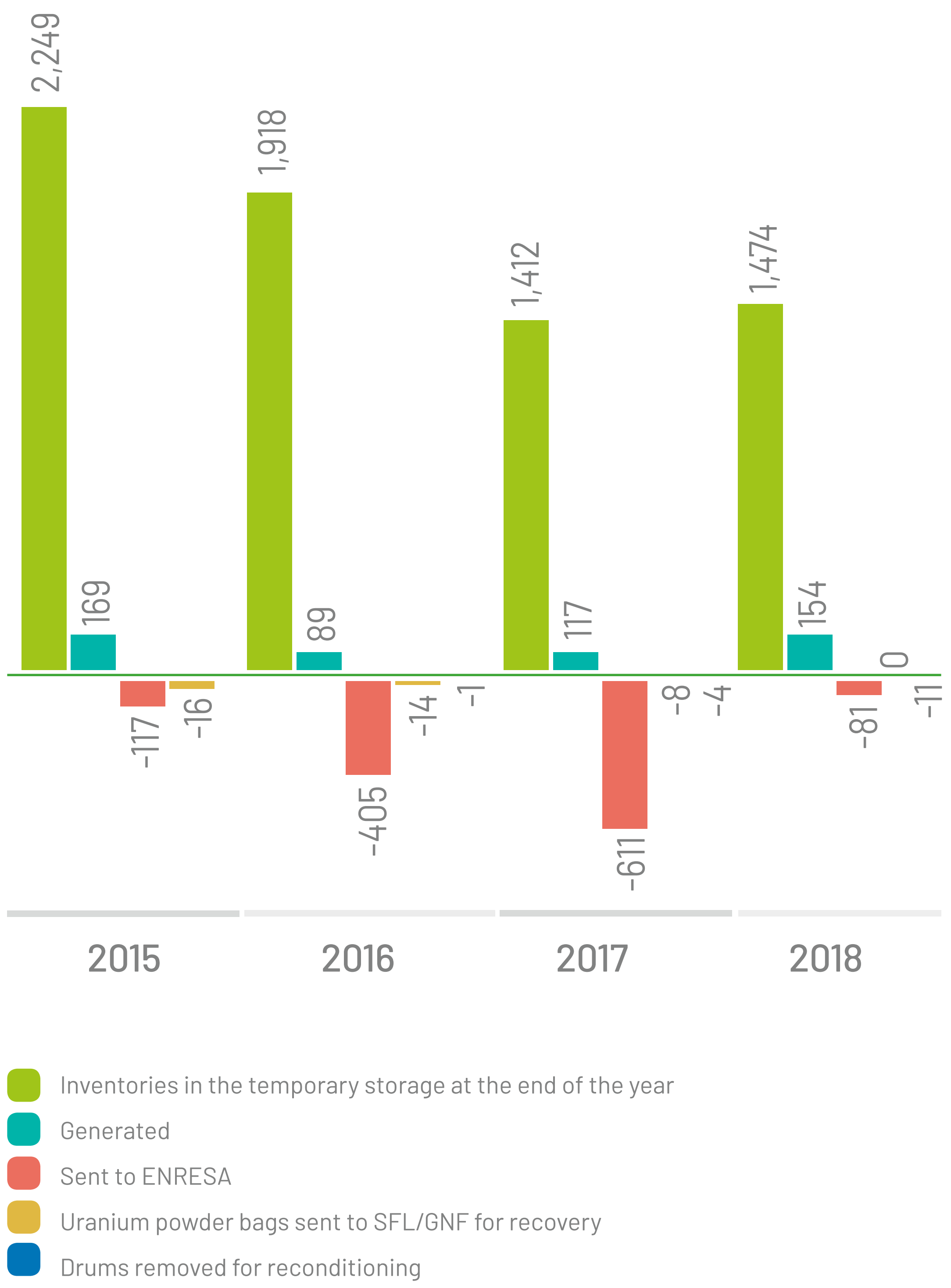
Radioactive Solid Wastes

These are non-conventional wastes, i.e., all those materials that come from the factory's ceramics zone (cleaning utensils, tools, rags, paper, plastics, etc.) that cannot be reused in the manufacturing process or decontaminated. They should be treated in such a way as to permit their transfer off the site under safe conditions and their subsequent acceptance by the agent responsible for their final destination.

In 2018, 154 220-litre drums containing newly generated radioactive wastes were produced. A total of 81 drums of radioactive wastes have been sent to the only authorized agent in Spain – ENRESA. Moreover, 11 drums have been reused.

During 2018, no drums with plastic bags were sent to GNF for recycling and recovery.

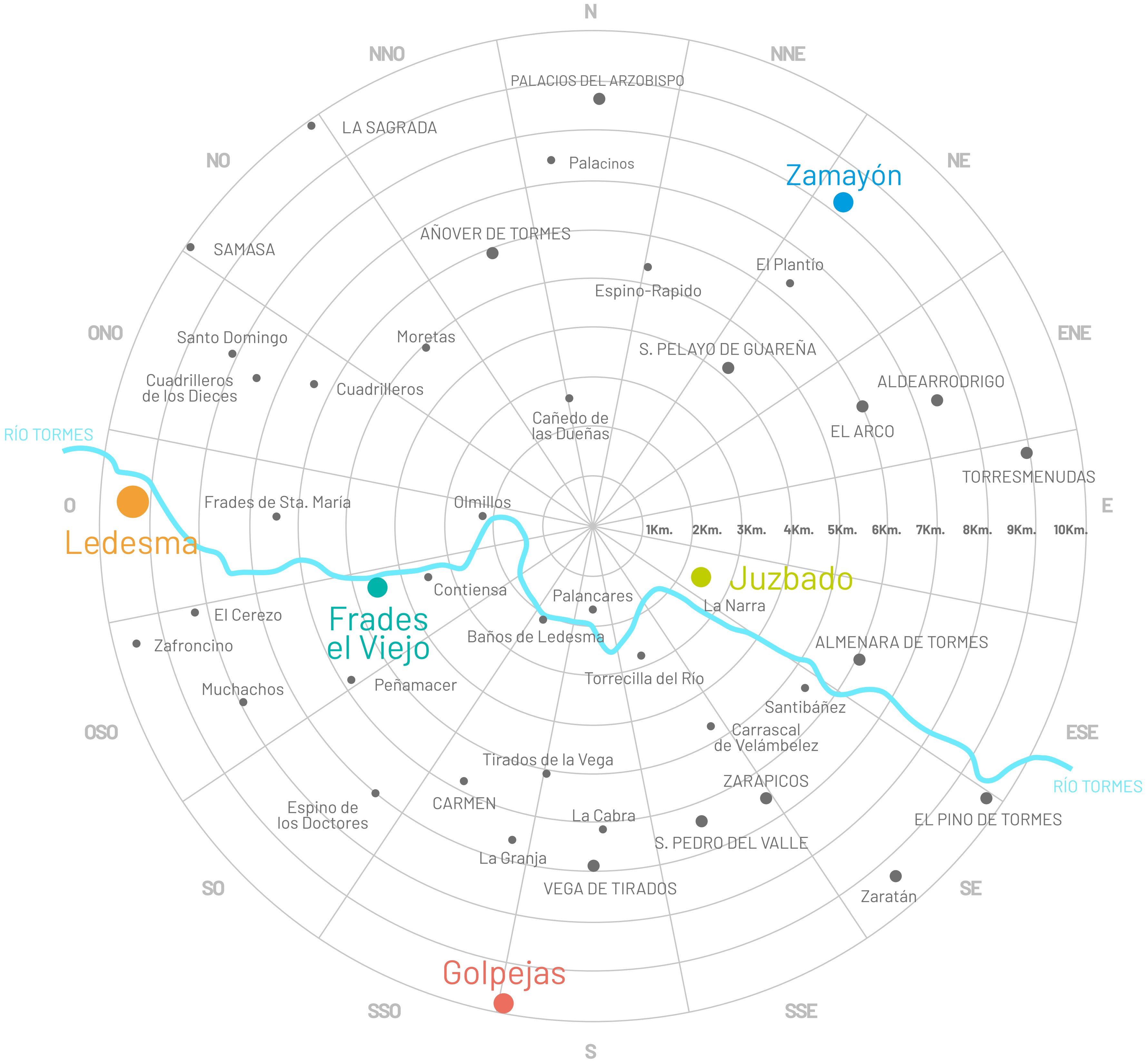
NO. OF 220-LITRE DRUMS OF RADIOACTIVE WASTES



Environmental Radiation Monitoring Program (PVRA)

The purpose of this program is to assess the potential environmental impact of the facility on the exterior due to discharges via liquid and gaseous effluents. It is defined on a yearly basis and is approved by the Nuclear Safety Council (CSN). It analyses different radiological parameters, for which purpose different kinds of samples are collected (air, surface water, groundwater, public supplies, aquatic flora and fauna, plants, meat and milk, soils and sediments, etc.) at 76 sampling points located in a 10 km radius around the Factory, encompassing the most representative habitats in the area.

Although no conclusions can be drawn until the samples from the last quarter are processed, quarterly values show that no impact will be recorded by the facility and that the results of the 2018 campaign will be very similar to those obtained since the beginning of the activity of the facility in 1985, with no effect being detected on the radiological background of the site due to the low activity values of the emissions of liquid and gaseous effluents from the factory.



Reportable Environmental Incidents in 2018

No non-radiological environmental emergency has been registered during this fiscal year.

The corrective (training and communications to that effect) and preventative actions applied in 2017 are continued, while the staff is being trained about them, such as the installation of different cabinets with emergency material in order to reduce response times at different locations within the facility.

NON- RADIOLOGICAL CONTROL

Liquid Effluents

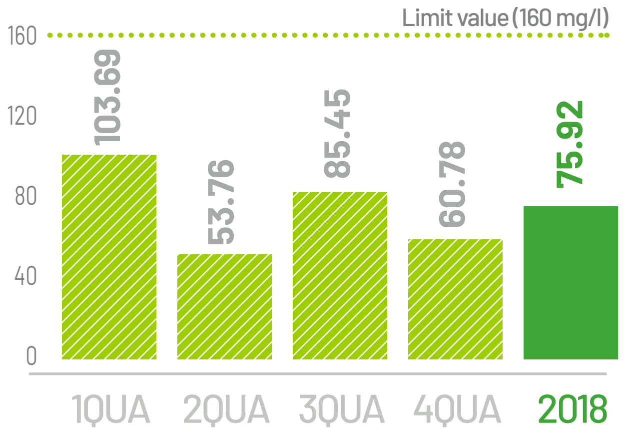
The analysis of liquid effluents is based on the criteria and standards provided in the discharge permit granted by the competent regulatory body - the Duero River Hydrographic Confederation. The factory has a non-radioactive liquid effluent treatment system to purify sanitary water, taking into account the limits stipulated in the discharge permit. The treatment system to purify sanitary water is composed of three stages: sanitary wastewater treatment plant, storage tanks and regulation (or discharge) catch basin.

In the catch basin, a sample is taken and the parameters regulated in the discharge permit (pH, detergents, chemical oxygen demand [COD], suspended solids, total phosphorus, total nitrogen and ammonia) are analysed before their incorporation into the Tormes River, in order to ensure compliance with the limits established in this permit. The downstream quality characteristics, once the mixing zone is reached, are also periodically determined, and the values obtained are compared to the characteristics of the river upstream of the facility.

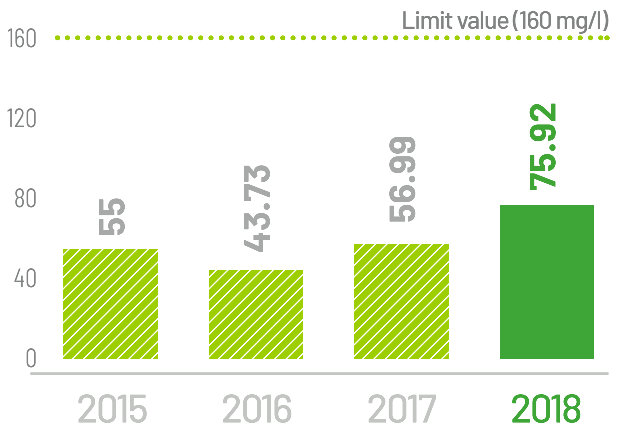
In 2018, the discharges to the Tormes River have complied with the limits established for the parameters specified in the current Discharge Permit.

DISCHARGE OF FACTORY WASTEWATER (m^3)	2015	2016	2017	2018
Sanitary and industrial wastewater	8,564	11,244	7,875	10,231
Process Wastewater	3,261	3,353	2,999	2,903

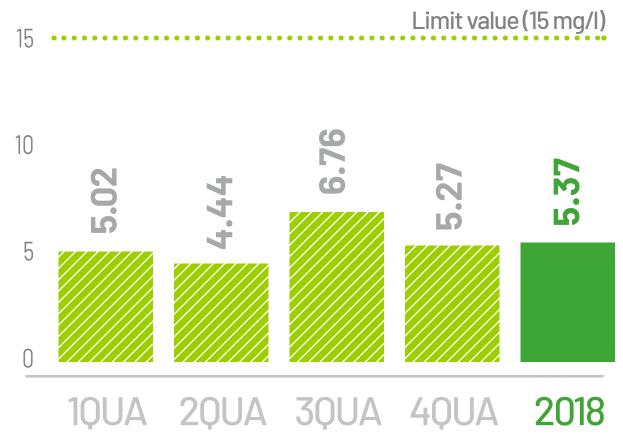
INCORPORATION TO THE RIVER OF COD (mg/l)



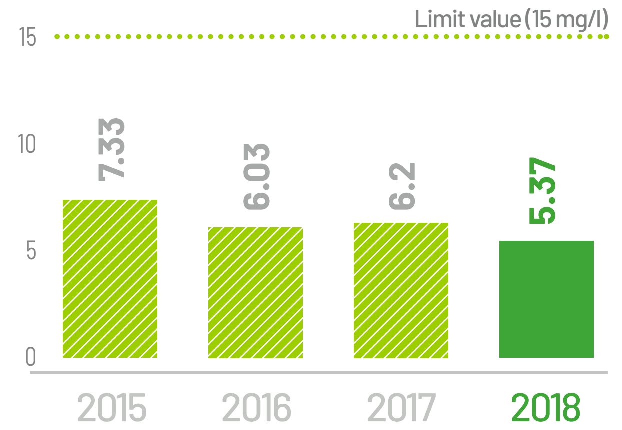
EVOLUTION OF THE INCORPORATION TO THE RIVER OF COD (mg/l)



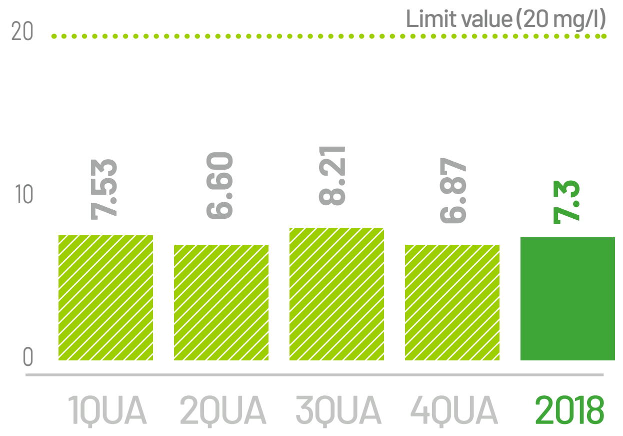
INCORPORATION TO THE RIVER OF AMMONIA (mg/l)



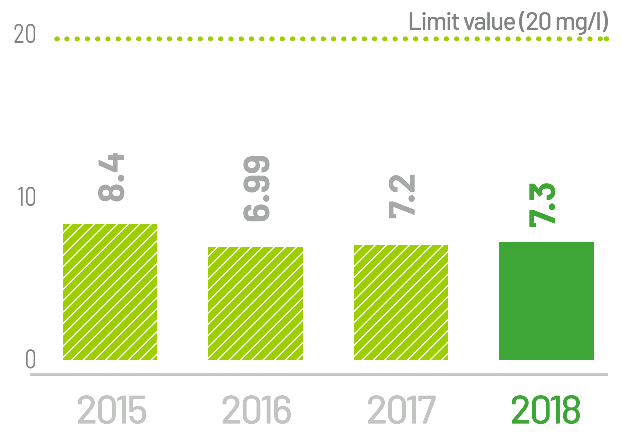
EVOLUTION OF THE INCORPORATION TO THE RIVER OF AMMONIA (mg/l)



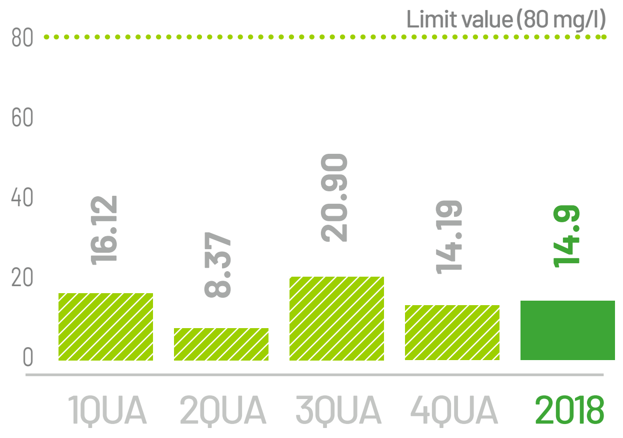
INCORPORATION TO THE RIVER OF TOTAL NITROGEN (mg/l)



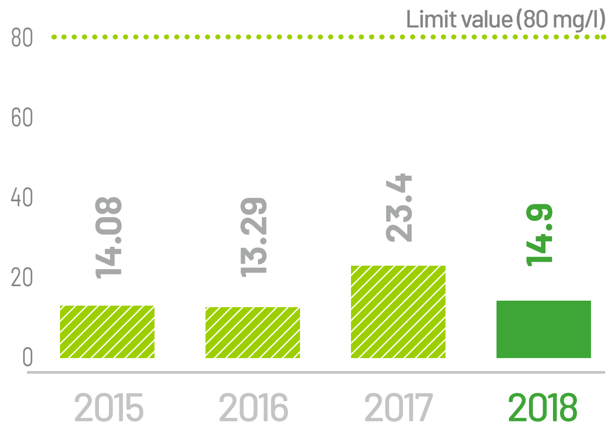
EVOLUTION OF THE INCORPORATION TO THE RIVER OF TOTAL NITROGEN (mg/l)



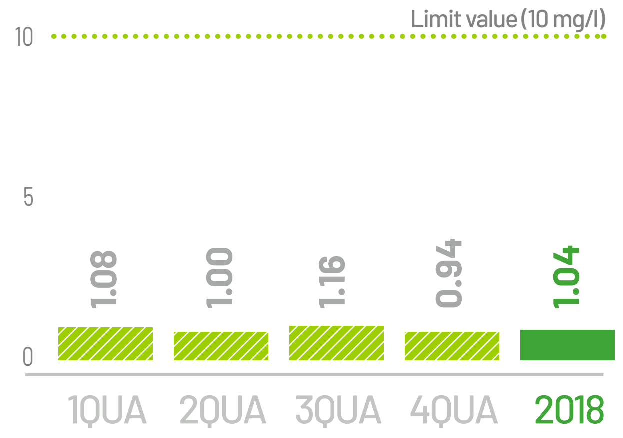
INCORPORATION TO THE RIVER OF SUSPENDED SOLIDS (mg/l)



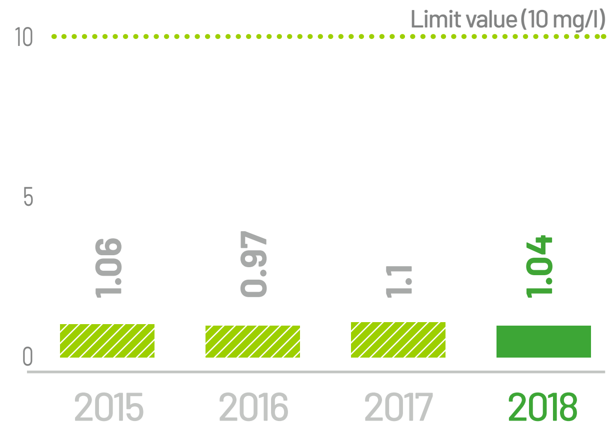
EVOLUTION OF THE INCORPORATION TO THE RIVER OF SUSPENDED SOLIDS (mg/l)



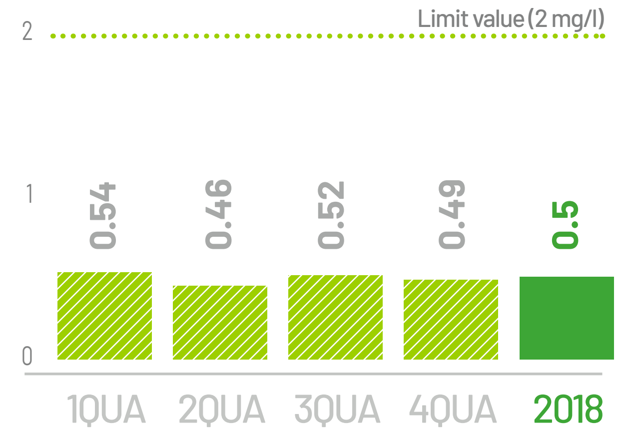
INCORPORATION TO THE RIVER OF PHOSPHORUS (mg/l)



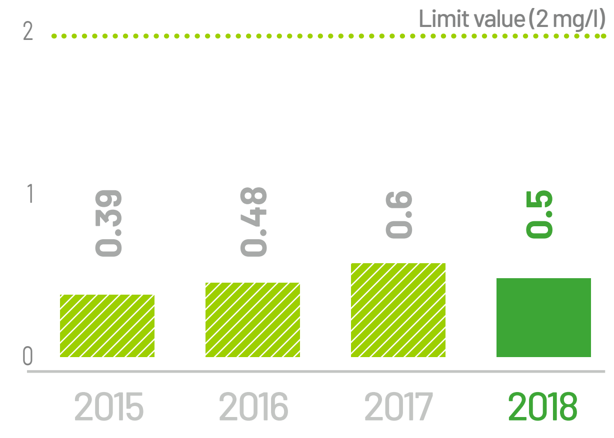
EVOLUTION OF THE INCORPORATION TO THE RIVER OF PHOSPHORUS (mg/l)



INCORPORATION TO THE RIVER OF DETERGENTS (mg/l)



EVOLUTION OF THE INCORPORATION TO THE RIVER OF DETERGENTS (mg/l)



Conventional Wastes

In 2018, the factory has continued with the minimization measures implemented in recent years, e.g. introduction of specific contents on waste management in the initial basic training, specific training on the Environmental Management System, as well as targeted awareness campaigns.

Conventional wastes include the following:

- **Hazardous Wastes**

The Factory differentiates the non-radioactive wastes that can be considered as hazardous in accordance with Royal Decree 952/1997 of June 20, which modifies R.D. 833/1988 (Regulation enacting the Basic Toxic and Hazardous Waste Act 20/1986 of May 14), and Order MAM/304/2002 of February 8, which publishes the European waste list. These wastes are delivered to an authorized agent (CETRANSA in general, except for specific cases such as fluorescent lamps, which are delivered to a specialized agent – Ambilamp, waste occasionally generated or waste coming from specific works in which the waste can be sent to other authorized managers) to proceed with final treatment and disposal on a controlled basis. On the other hand, in the annual declaration of hazardous waste for 2018 (which is being prepared at the date of publication of this report), which the factory voluntarily submits to the Regional Council for the Environment of the Regional Government of Castilla y León, the company identifies each hazardous waste, as well as its type and the amount generated.

HAZARDOUS WASTES

TYPE OF WASTE	DESCRIPTION	QUANTITY (kg)	TREATMENT
HAZARDOUS WASTE	Absorbents with Hydrocarbons	52	Delivered to an authorized agent
	Waste oil	78	
	Halogenated Organic Solvents	35	
	Empty Metal Containers	20.5	
	Empty Plastic Containers	51.5	
	Aerosols	23.5	
	Equipment containing hydrofluorocarbons (HFCs)	2,600	
	Discarded Electrical and Electronic Equipment	293	
	Lithium	25.5	
	Contaminated Materials	56	
	Laboratory reagents	92	
	Polyester resins	35.5	
	Cutting oil	2,038.5	
	Toners	62.5	
	Sanitary wastes (Group III)	11.01	
	TOTAL	**5,474.51**	

- **Inert Wastes**

The inert wastes generated in 2018 correspond to the sum of wastes from wood, scrap metal and rubble, and they have been managed for subsequent valorization by an authorized agent.

INERT WASTES (kg)

Year	Wood	Scrap metal	Rubble	TOTAL
2015	39,640	18,540	27,760	**85,940**
2016	10,540	3,760	7,960	**22,260**
2017	4,020	35,150	31,902	**71,072**
2018	47,380	21,640	294,500	**363,520**

Due to specific actions, such as the construction of a earthquake-resistant fire-fighting water tank, the amount of rubble managed in 2018 has increased significantly. On the other hand, in 2018 the removal of wood has resumed with standard frequency, so that values similar to those generated in previous years (2014 and 2015) are resumed.

- **Wastes Assimilable to Urban**

The fraction of solid urban wastes currently accounts for 43% versus the 57% which that of urban-assimilable wastes would represent.

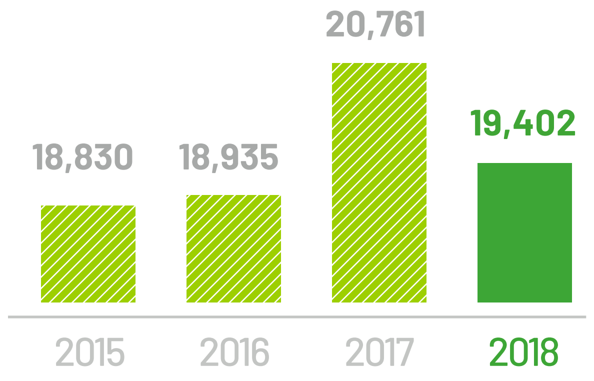
URBAN-ASSIMILABLE WASTES (kg)

Year	Paper & Cardboard	Plastic & Aluminum	Glass
2015	15,220	8,860	880
2016	17,840	7,260	0
2017	17,840	8,600	1,080
2018	20,079	5,640	0

- **Solid Urban Wastes**

The non-recyclable fraction (solid urban wastes) was collected by the Ledesma Association service for subsequent management in the waste treatment center of Gomecello (disposed of in controlled waste dump).

SOLID URBAN WASTES (kg)



- **Sludge**

During 2018, 251,180 kg of toner, considered as a hazardous waste, were delivered to an agent for subsequent treatment.

- **Computing Consumables**

During 2018, 62.5 kg of toner, considered as a hazardous waste, were delivered to an agent for subsequent treatment.

Acoustic Pollution

During 2018, sound level measurements have been taken around the factory to check whether these levels comply with the allowable limits for noise emission to the exterior environment, in accordance with current applicable legislation. The results obtained show that the maximum allowable levels have not been exceeded, in spite of the fact that the new legislation in effect on acoustic pollution has reduced these values, and therefore it has not been necessary to take any corrective measures.

Environmental Chemical Monitoring Program (P.V.Q.A.)

Its purpose is to detect the environmental impact that the factory's activity can have from a non-radiological point of view. It is defined on a yearly basis and is based on an analysis of 32 parameters in samples of water (surface and groundwater) collected from around the facility, as established by the discharge permit granted by the Duero River Hydrographic Confederation. Although no conclusions can be drawn until the samples from the last quarter are processed, quarterly values show that no impact will be recorded by the facility and that values below the authorised limits were registered during 2018.

OTHER ENVIRONMENTAL PERFORMANCE INDICATORS OF THE JUZBADO FACTORY

Energy Consumption

- **Direct consumption**

Direct energy consumption (itemized by primary sources)

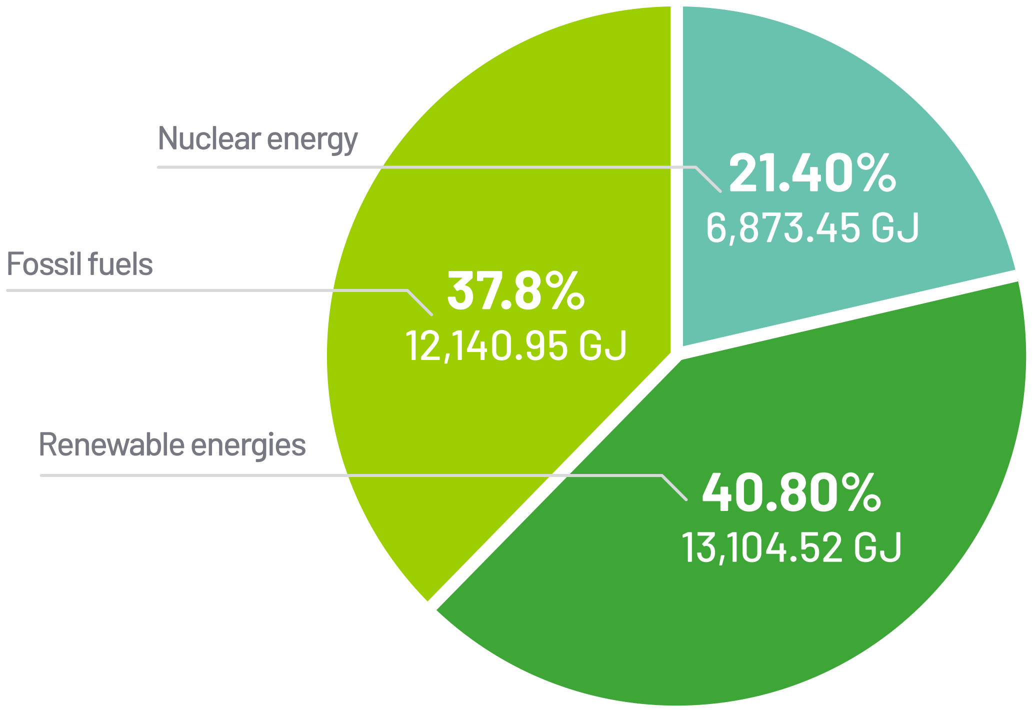
Year	Propane (kg)	Fuel-oil (kg)	Gasoil (l)	Electricity (kWh)
2015	17,126	199,860	11,369	9,241,239
2016	18,120	100,259	11,997	9,301,250
2017	19,295	0	9,992	9,141,691
2018	19,974	0	9,991	8,921,924

In 2017, fuel oil boilers were dismantled and replaced by a hot sanitary water supply and air conditioning from the Biogas Plant, so since then fuel oil consumption is 0.

The decrease in electricity consumption in 2018 is due in part to measures designed to reduce consumption by replacing outdoor luminaires and double fences, as well as substituting traditional fluorescent lamps by LED fluorescent lamps in the ceramics area.

- **Indirect consumption**

Percentage of the electric power supply that comes from renewable, nuclear and other sources:



Total = 32,118.93 GJ
Data extracted from "Advance of the 2018 report of the Spanish Electric System". (REE).

- **External energy consumption**

DESCRIPTION	Kilometres travelled	Estimated average consumption (l gasoil/100 km)	Total gasoil consumption (litres)	Amount CO_2 emitted (2.520 kg CO_2 /l gasoil)t
Personnel transportation to the factory and business trips	928,924	8	74,313.92	187.27
Employee transportation to the factory	157,680	25	39,420	99.34
Package reception	308,935	25	77,233.75	194.63
Refuelling in the gas plant	38,430	30	11,529	29.05
Subcontracts: Management of assimilable, inert and hazardous wastes (with vans)	1,454	8	116.32	0.29
Subcontracts: Management of assimilable, inert and hazardous wastes (with trucks)	32,322	30	9,696.6	24.44
Subcontracts: MSW collection company	10,150.4	30	3,045.12	7.67
Component reception	67,937	30	20,381.1	51.36
Uranium powder reception	11,178	30	3,988.5	10.05
Product transport: fuel assemblies	271,662	30	81,498.6	205.38
Component or skeleton transport (with trucks)	15,068.4	30	4,520.52	11.39
Component or skeleton transport (with vans)	4,826	8	386.08	0.97
Empty cask transport	24,228	30	7,268.4	18.32
Total indirectly generated CO_2	**1,872,794.8**		**333,397.91**	**840.16**

Note: It is considered that all the trips are made in vehicles that consume gas-oil, thus eliminating the sea and air transports.

- **Energy intensity**

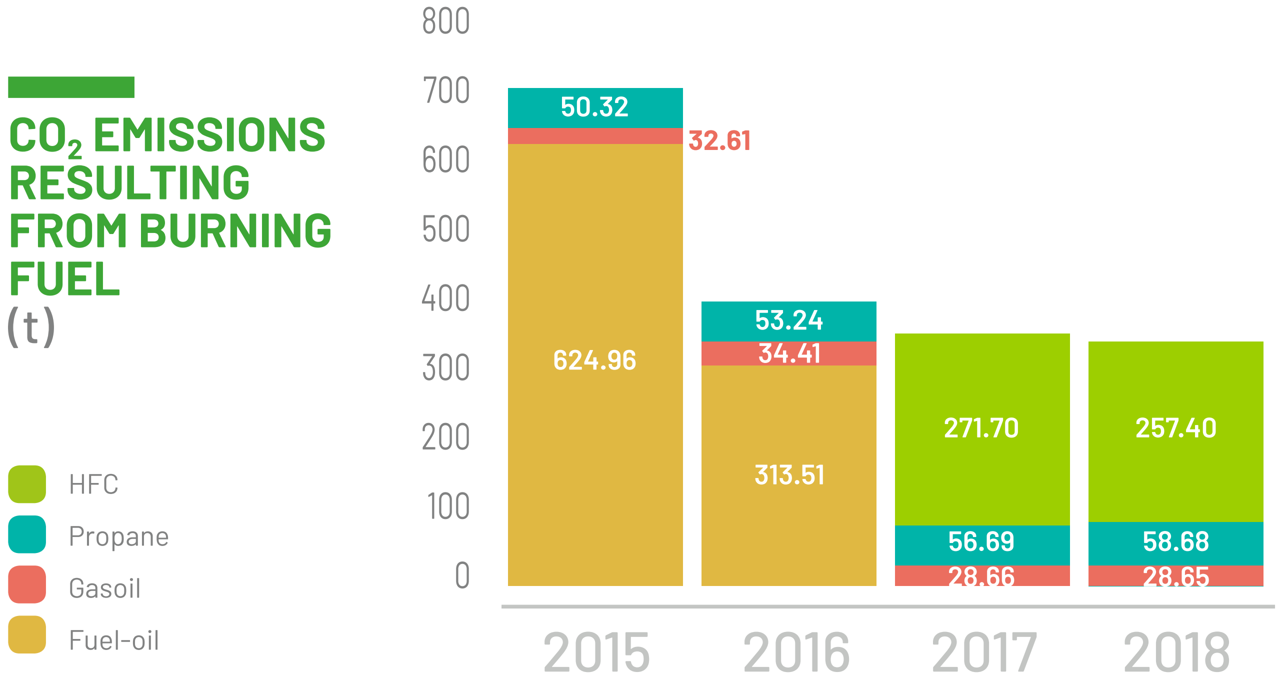
The energy consumption of electricity and fuels (propane and gasoil) are considered.

The chosen unit of activity is tons of uranium equivalent (tU).

Electricity (MWh)	Propane (MWh)	Gasoil (MWh)	tU	Energy Intensity (MWh/tU)
8,921,924	267.5	110.1	276.347	33.69

Greenhouse Gas Emissions (GHG)

- **Direct Emissions**

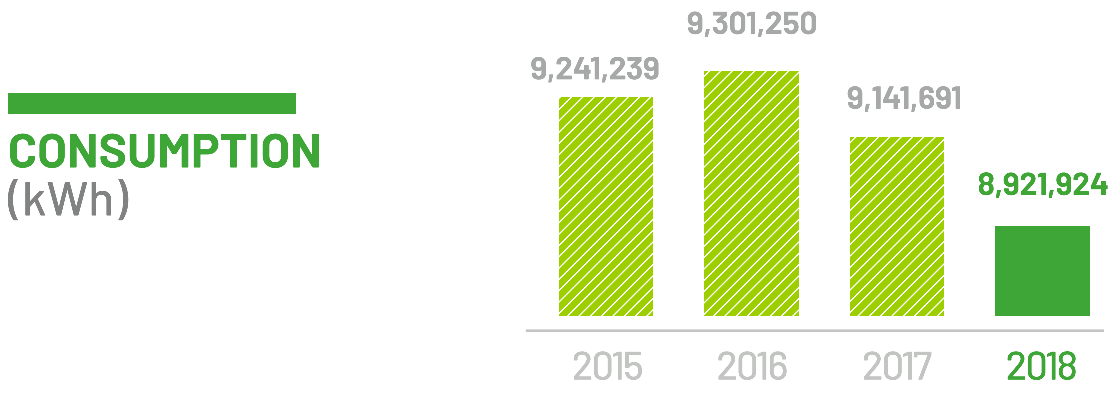


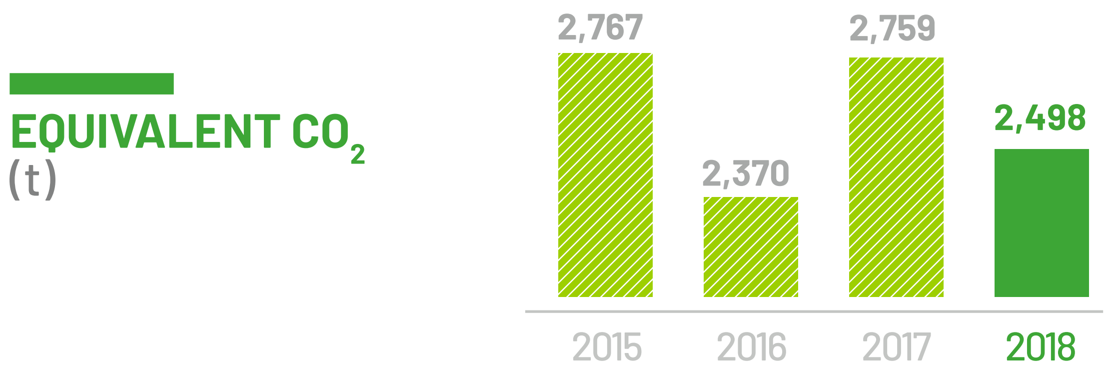
- **Indirect emissions**

Indirect emissions are those resulting from energy consumptions outside the factory. Up until now, only the CO_2 from the production of the electricity consumed was considered, but since the heating and hot water boilers have been shut down, the emissions produced by the biogas plant, which is the current source of heat production, are included.

Source	Consumption	Amount of CO_2 in weight (t)
Electricity	8,921,924 kWh	2,498.14
Biogas plant (natural gas)	59,020 kg	161.499

Indirect CO_2 emissions resulting from electricity consumption.





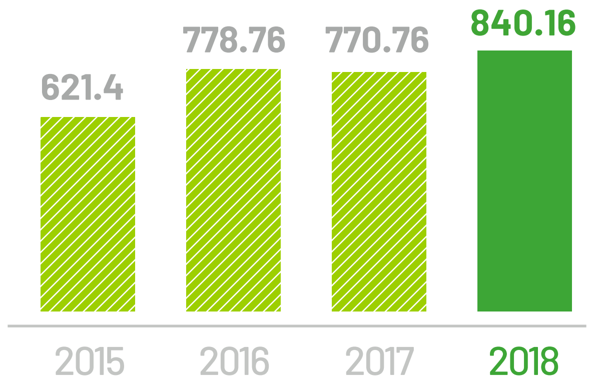
See the conversion factors in Appendix II

- **Other Indirect Greenhouse Gas Emissions**

Indirect greenhouse gas emissions primarily correspond to emissions of carbon dioxide due to the transport of both goods and services and personnel in relation to the normal operation of the facility.

The following table shows the emissions from the most significant transports related to the factory.

EVOLUTION OF OTHER INDIRECT EMISSIONS (t)



GHG emissions intensity:

Direct emissions (t)	Indirect emissions - energy (t)	Other indirect emissions - transport (t)	tU	Intensity of emissions of GGE (t/tU)
344.74	2,659.64	840.16	276.347	13.91

Biodiversity

Special Area of Conservation (SAC)

There is a protected space in the vicinity of the Juzbado factory. Specifically, the area in question is SAC ES4150085 (banks of the Tormes River and tributaries), which is part of the Red Natura 2000. The surface area of the SAC encompasses the river waterway plus a width of 25 meters on each side of each of the stretches. Its specific features are:

SPECIAL AREA OF CONSERVATION (SAC)

SAC Code	ES4150085
Name	Banks of the Tormes River and tributaries
Administrative region	Salamanca 67% and Ávila 33%
Rivers	Tormes River, Arroyo de la Corneja, Arroyo de Becedillas, Arroyo Moralejas and Arroyo Aravalle.
Hydrographic sub-basin	Tormes River
Hydrographic basin	Duero River
Latitude of Center	40º 26’ 06” N
Long of Center	5º 30’ 35” W
Average altitude	1,271 m
Area	1,834.49 hectares
Biogeographic region	Mediterranean

Based on the national topographic land map of the National Geographic Institute (1984), it is estimated that the surface area of the Juzbado factory land included inside the SAC is 7.5 hectares, with a described habitat of barely existent gallery forest and pasture land.

PROTECTED OR RECLAIMED HABITATS INSIDE THE SAC

Code	Appendix I habitats (Directive 92/43/CEE)
3250	Constantly flowing Mediterranean rivers with *Glaucium flavum*
3260	Water courses of plain to montane levels with the *Ranunculion fluitantis* and *Callitricho-Batrachion vegetation*
3270	Rivers with muddy banks with *Chenopodion rubri p.p.* and *Bidention p.p. vegetation*
3280	Constantly flowing Mediterranean rivers with *Paspalo-Agrostidion* species and hanging curtains of *Salix* and *Populus alba*
5120	*Mountain Cytisus* purgans formations
6160	Oro-Iberian *Festuca indigesta* grasslands
6230	Species-rich *Nardus* grasslands, on silicious substrates in mountain areas (and submountain areas in Continental Europe)
6420	Mediterranean tall humid grasslands of the *Molinio-Holoschoenion*
6510	Lowland hay meadows *(Alopecurus pratensis, Sanguisorba officinalis)*
7140	Transition mires and quaking bogs
8220	Siliceous rocky slopes with chasmophytic vegetation
8230	Siliceous rock with pioneer vegetation of the *Sedo-Scleranthion* or of the *Sedo albi-Veronicion dillenii*
91B0	Thermophile ash groves of *Fraxinus angustifolia*
91E0	Alluvial forests of *Alnus glutinosa* and *Fraxinus excelsior*
9230	Galicio-Portuguese oak woods with *Quercus robur* and *Quercus pyrenaica*
92A0	Gallery forests of *Salix alba* and *Populus alba*
9340	*Quercus ilex* and *Quercus rotundifolia* forests

Species potentially found inside the SAC

It should be noted that the surface area affected by the facility corresponds to approximately 0.41% of the proposed total. The species are as follows:

FAUNA	PUBLICATION	EXTENT OF THREAT
Mammals		
*Lutra lutra** (Eurasian otter)	IUCN red list	Near threatened
	Spanish Catalogue of Threatened Species RD 139/2011	LERPE
*Galemys pyrenaicus** (Pyrenean Desman)	IUCN red list	Vulnerable
	Spanish Catalogue of Threatened Species RD 139/2011	Vulnerable
*Rhinolophus euryale** (Mediterranean Horseshoe Bat)	Spanish Catalogue of Threatened Species RD 139/2011	Vulnerable
	IUCN red list	Vulnerable
*Myotis myotis** (Greater Mouse-eared Bat)	Spanish Catalogue of Threatened Species RD 139/2011	Vulnerable
	IUCN red list	Near threatened
Amphibians		
*Discoglossus galganoi** (Iberian painted frog)	IUCN red list	Least concern
	Spanish Catalogue of Threatened Species RD 139/2011	LERPE
Salamandra salamandra (Common Fire Salamander)	IUCN red list	Least concern
Rana iberica (Iberian Frog)		Vulnerable

* Species included in Appendix II or IV of the Habitats Directive

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FAUNA	PUBLICATION	EXTENT OF THREAT
Reptiles		
*Mauremys leprosa** (Mediterranean turtle)	Spanish Catalogue of Threatened Species RD 139/2011	LERPE. Vulnerable
*Emys orbicularis** (European pond turtle)	IUCN red list	Near threatened
	Spanish Catalogue of Threatened Species RD 139/2011	LERPE. Vulnerable
Chalcides bedriagai (Bedriaga's Skink)	IUCN red list	Near threatened
	Spanish Catalogue of Threatened Species RD 139/2011	LERPE
*Lacerta schreiberi** (Iberian Emerald Lizard)	IUCN red list	Near threatened
	List of specially protected wild species	
Fish		
*Squalius alburnoides** (Falco peregrinus)	Proposed for IUCN. Annex II Habitat Directive	Vulnerable
*Cobitis palúdica** (Loach)	IUCN red list	Vulnerable
Chondrostoma Polylepis (Iberian nase)	IUCN red list	Least concern
*Achondrostoma arcasii** (Bermejuela)	IUCN red list	Vulnerable
*Pseudochondrostoma duriense** (Northern straight-mouth nase)		Vulnerable
Invertebrates		
Macromia splendens	IUCN red list	Vulnerable
	Red Book of Invertebrates of Spain	Critical danger
Oxygastra curtisii	IUCN red list	Near threatened
	Red Book of Invertebrates of Spain	Endangered
Euphydryas aurinia	Catalogue Threatened Species of Aragon	Special interest

FAUNA	PUBLICATION	EXTENT OF THREAT
Birds		
Circus aeruginosus (Western marsh-harrier)	IUCN red list	Least concern
	National Catalogue of Threatened Species 2011	LERPE
Gyps fulvus (Griffon vulture)	IUCN red list	Least concern
	National Catalogue of Threatened Species 2011	LERPE
Milvus milvus (Red kite)	IUCN red list	Near threatened
	National Catalogue of Threatened Species 2011	Endangered
Milvus migrans (Black kite)	IUCN red list	Least concern
	Spanish Catalogue of Threatened Species RD 139/2011	LERPE
Falco peregrinus (Peregrine falcon)	IUCN red list	Least concern
	Spanish Catalogue of Threatened Species RD 139/2011	LERPE
Elanus caeruleus (Black-winged kite)	IUCN red list	Least concern
	Spanish Catalogue of Threatened Species RD 139/2011	LERPE
Hieraaetus pennatus (Booted eagle)	IUCN red list	Least concern
	Spanish Catalogue of Threatened Species RD 139/2011	Special protection
Falco tinnunculus (Common kestrel)	IUCN red list	Least concern
	Spanish Catalogue of Threatened Species RD 139/2011	LERPE
Circaetus gallicus (Short-toed snake-eagle)	IUCN red list	Least concern
	Spanish Catalogue of Threatened Species RD 139/2011	LERPE

FLORA	PUBLICACION	EXTENT OF THREAT
Vascular plants		
Veronica micrantha	Red List of Spanish vascular flora 2008	Vulnerable
	Spanish Catalogue of Threatened Species RD 139/2011	LERPE
*Festuca elegans**	Spanish Catalogue of Threatened Species RD 139/2011	LERPE

* Species included in Appendix II or IV of the Habitats Directive
**LERPE: List of specially protected species

Saving and efficiency initiatives and actions: energy saving measures based on conservation and improved efficiency

As measures to ensure that energy consumption is reduced and to promote energy savings, several actions have been taken throughout 2018:

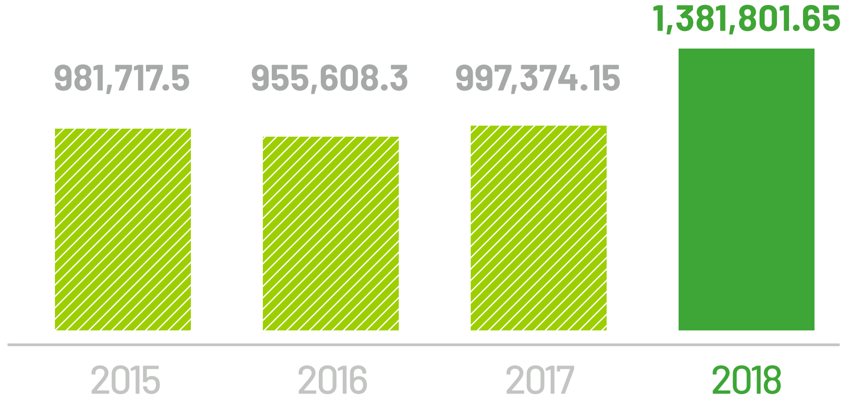
- The 200 traditional fluorescent lamps were substituted by LED fluorescent lamps in the ceramics area.
- Three standalone air conditioning units were changed to renew the cooling equipment and achieve greater energy efficiency.
- Lighting sensors have been installed in the auxiliary building and the electrical sectors have been made independent, double fence lighting and outdoor lighting have been replaced by LED lighting.

In 2018, no modifications have been made to the energy requirements of the products and services sold.

ENVIRONMENTAL INVESTMENTS 2018

EQUIPMENT	ENVIRONMENTAL IMPROVEMENT	TOTAL €
Supply of a PASSIVE SCANNER equipment	Minimization of radioactive waste generation	622,280.2
Installation of 100 luminaires in Z. Ceramics and Gd	Reduction of natural resources consumption and control of emissions	1,859.97
Waterproof luminaire Coreline WT120C LED60S/840	Reduction of natural resources consumption and control of emissions	7,773
Replacement of 70 projectors on the double fence	Reduction of natural resources consumption and control of emissions	3,852
Replacement of 3 luminaires in 9 m lampposts	Reduction of natural resources consumption and control of emissions	162.05
Disano Rodio 1887 Led 75W Asymmetrical Projector	Reduction of natural resources consumption and control of emissions	11,354
Disano 3282 Rolle ref. T3 109W road luminaires	Reduction of natural resources consumption and control of emissions	25,523.45
Outdoor cupboards	Improvement of actions in environmental emergencies and spill control	1,570
Gamma spectrometer for declassification	Minimization of radioactive waste generation	29,232
Extension of 4 double chambers of the alpha spectrometry equipment	Improvement in the control of the environmental impact of the facility	36,100.8
CANBERRA spectrum analyser module	Improvement in the control of the environmental impact of the facility	36,448
Replacement of boilers (project and execution)	Reduction of natural resources consumption and control of emissions	37,924.06
Replacement of air-conditioning units CMA-21-24-25	Improved control of emissions	81,882.48
Installation of isokinetic UO_2 probes	Improved control of emissions	16,760.70
Adaptation of the HVAC to the requirements of the Nuclear Safety Council (CSN)	Improved control of emissions	469,078.94
TOTAL		**1,381,801.65**

EVOLUTION OF ENVIRONMENTAL INVESTMENTS (€)



CONTINUOUS IMPROVEMENT ACTIVITIES OF THE ENVIRONMENTAL MANAGEMENT SYSTEM

1. Reduction in consumption of natural resources:

- In the framework of the Environmental Policy and in keeping with company's commitment to reduce resource consumption, a series of actions have been taken such as the substitution of 200 fluorescent tubes in the ceramics area with LED fluorescent lamps. This measure has meant a reduction of 6 kW of installed power and 40,000 kWh/year, which in turn means a saving of 2,700 euros/year.

- In 2018, actions identified in the energy audit carried out in the facility in accordance with Royal Decree 56/2016 were implemented, such as the installation of light sensors in the auxiliary building, the separation of electrical sectors and the replacement of double fence lighting and outdoor lighting by LED lighting. As a result, lighting has improved significantly (colour, homogeneity, camera visibility), with an estimated saving of 147,000 kWh/year.

  In addition, in this context, 3 standalone air conditioning units were replaced in order to renew the cooling equipment and achieve greater energy efficiency. Cooling gas R22 was replaced by R410a, with less global warming potential, which results in lower greenhouse gas emissions.

2. Improved control of emissions and discharges:

The installation of the activity control system in effluents (isokinetic probes) has continued.

3. Minimization of radioactive waste generation and reduction of existing wastes in the Temporary Storage Facility:

ENUSA's productive activity entails the generation of radioactive wastes of low and very low activity associated with the fuel assembly manufacturing process. This fact is considered as a significant issue from an environmental perspective and, therefore, its minimization is thereby one of the objectives included in the 2018 Environmental Management Program.

In addition to improved efficiency of the investments associated with the productive process, which mean a minimization of rejects and, therefore, of wastes, over 2,511 kg of contaminated material have been decontaminated, thus preventing their generation as radioactive waste. In addition, the shipment of 81 scheduled drums has been made to El Cabril pursuant to the conditions agreed with ENRESA.

4. Management improvements:

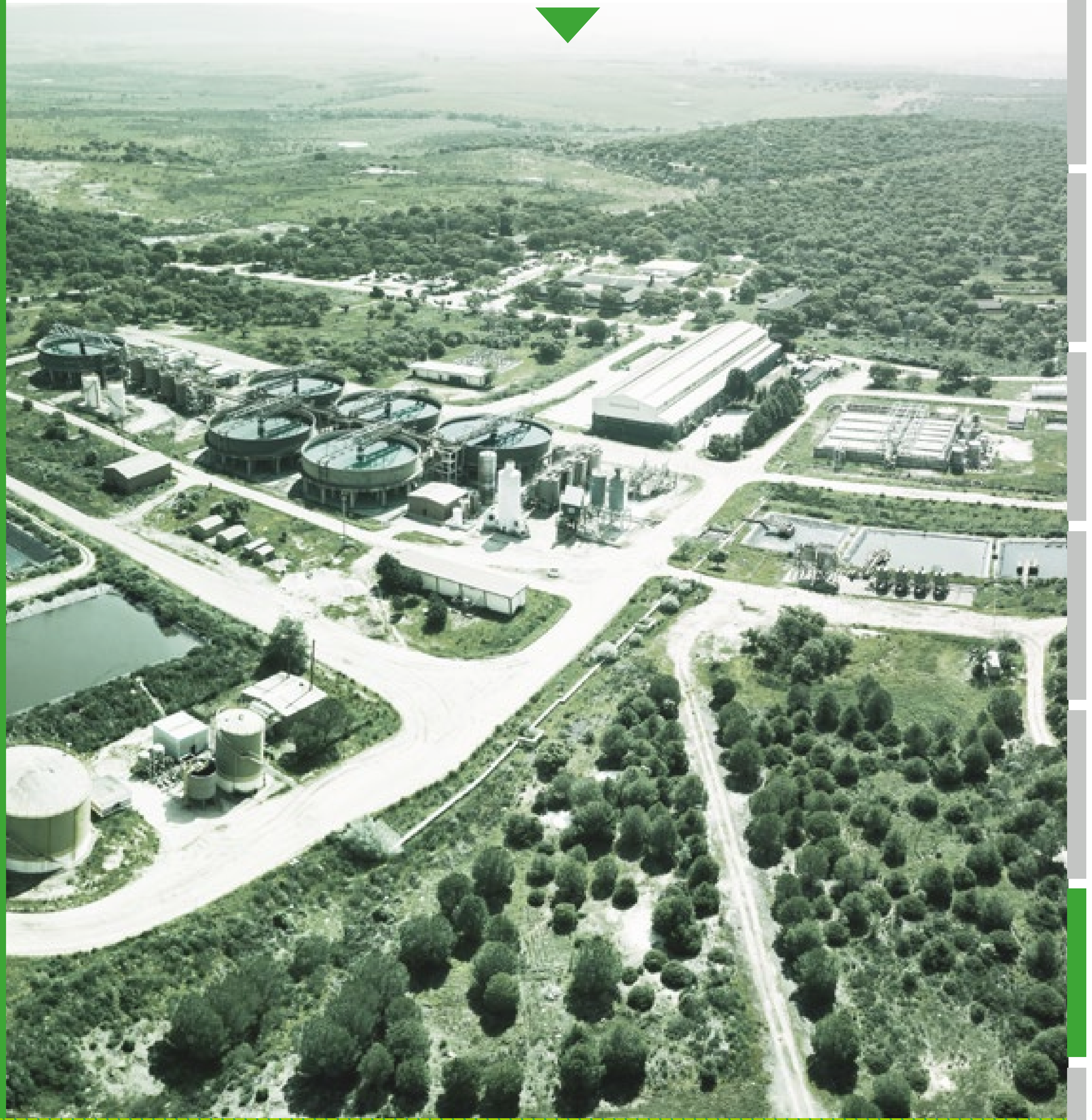
- The updating has continued on the environmental procedures as well as instructions and posters to clarify the content.
- The supervision of works whose execution has a direct impact on the environment has been optimised.

5. Communication improvements:

- The transmission of monthly messages at the change of shift of the production and maintenance stations of equipment and systems about incidents or anomalies recorded at the facility, analysed in all cases from the environmental point of view, has continued successfully.
- During 2018, awareness-raising messages continued to be sent to the entire workforce, reactivating ENUSA's environmental management forum. Satisfaction surveys were carried out by the administrations, with good results, which led to a visit to the facilities by the Duero River Basin Authority, facilitating the understanding of the process that is carried out at the factory.

2. Saelices el Chico Center

The Saelices El Chico Center encompasses the mining and industrial installations for manufacturing uranium concentrates, located in this municipal district, and in that of Carpio de Azaba, very near to the town of Ciudad Rodrigo. When the production activities ceased in December 2000, those corresponding to the dismantling of the treatment plants (first category radioactive installations) and to the reclamation of the mining exploitations were immediately initiated, in accordance with the regulations in effect and the permits granted by the different official authorities competent in each case (Ministry for the Ecological Transition, Nuclear Safety Council, Mining Division of the Territorial Industry, Tourism and Trade Service, current Territorial, both belonging to the Territorial Agency of the Regional Government of Castilla y León in Salamanca).



The work performed in 2018 has continued to focus on the surveillance and control of the facilities, with specific monitoring of dismantled or restored facilities, as well as on the management of the waters collected at the site affected by acid mine drains, along with various remedial actions, with particular reference to the use of technosols in this work, and in the monitoring of the processing and review of the documentation corresponding to the request for authorisation of the first stage (Phase I) of the dismantling and closure of the Quercus Plant (currently in a situation of permanent cessation of operation), submitted in September 2015 to the competent authorities and reviewed in 2017, in accordance with the conclusions of the assessment carried out by the Nuclear Safety Council during 2016 and 2017. At different meetings with this authority, it has been communicated that the assessment process will continue throughout 2019, which will require, among other actions, the modification of certain documents and the establishment of specific criteria for the recovery of a site of this nature. These actions outline a timeline for obtaining the corresponding dismantling and closure authorisation for the second half of 2019.

On the other hand, as regards the Environmental Impact Study associated with said authorisation, in March 2018 the Environmental Impact Statement was drawn up for the Project "Phase I of Dismantling and Closure of the Quercus Plant for the manufacture of uranium concentrates, in Saelices el Chico (Salamanca)" by the Directorate General for Environmental Assessment and Quality (which currently forms part of the Ministry for the Ecological Transition) (published in the Official State Gazette of 23rd March).

Consequently, until the aforementioned dismantling and closure authorisation is granted and this phase begins, the Surveillance and Maintenance Plan required by the Nuclear Safety Council will continue to be executed in order to ensure that the facilities associated with the Quercus Plant are maintained in adequate safety conditions, both for the employees and the public, as well as for the environment.

The recovery actions of the industrial-mining site carried out since 2001 have managed to meet most of the objectives proposed, except for the quality of surface and groundwater, due to the natural acidification they undergo when they come into contact with the rocks in the soil, since there is a high presence of pyrites in slate. The generation of acid drainage in mines is a major problem that is difficult to solve due to the natural composition of slate, the extent of the surface affected and the location of the site itself, and it is constraining the closure of the Centre. Consequently, at least in the short and medium term, the sections for conditioning liquid effluents for controlled discharge into public watercourses will continue to operate once the appropriate chemical and radiological quality has been achieved, as well as all the activities linked to the management of the waters generated at the site: derivation and segregation of clean waters, and the collection, storage and transfer of the impacted waters for treatment, in such a way as to ensure a sustainable impact on the environment. Likewise, remedial measures will be maintained and extended, such as the addition of amendments and the replanting of areas, supported by the surveillance and characterisation programmes carried out for an adequate control of all the factors involved.

Among the surveillance and control programmes carried out at this stage, special mention should be made of those relating to the control of potential environmental impacts, which are highly oriented towards radiological parameters such as environmental radiation rate, radon exhalation, and concentrations of natural radionuclides in air, water, soils, sediments, etc.

At the Elefante Plant, its dismantling Monitoring and Control Program, begun in 2006, continues in order to check the stability of the dismantled structures and make sure that their radiological impact is similar to the defined radiological background, common for the entire site. No incident has been detected to date, and the results obtained in 2018 continue to demonstrate that both the radiological and environmental objectives are being achieved.

As for the former mining operations, execution of the Monitoring and Control Program of the reclaimed site continues; this program, which was implemented with the current scope in 2014 after it was approved by the Nuclear Safety Council, although since 2009 different controls of the reclaimed mining site have been conducted. The inspections and controls of recent years show that the reclamation objectives are being achieved, except for water quality due to the acid mine drainage problem indicated above.

In this regard, as has been pointed out, a number of actions continue to be taken in an attempt to remedy them. The latter are based on the application of artificial soils (called technosols), manufactured from inert waste that will try to achieve what the natural soils originally did, seeking the chemical and biological balance of the whole.

The results obtained in the previous tests, carried out in the site since 2016 both in soils and in waters, were positive although too simplistic to extrapolate them to the affected soils in general. Therefore, an R&D project on a larger scale, called the TEKURA Project, was presented to the Centre for Industrial Technological Development. This project aims to contrast the results on a mini hydrographic basin, both in terms of surface waters and underground and deep waters (filling of mining voids). It was approved by this body, the corresponding agreement was signed in May 2017. It is ongoing since October 2017 and will remain formally in effect until December 2019. ENUSA, as owner and agency in charge, Emgrisa, CIEMAT and the University of Santiago de Compostela, as technologist, participate in this Project. The construction of a small pilot composting plant was carried out for its execution, in order to manufacture technosols on site using inert waste coming from outside, as well as other organic and inorganic materials (mainly detritic) present on the site. Construction work was completed in February 2018, but the launch took place in April 2018, after obtaining the required Authorisation for the Research Project and the Pilot Plant for the elaboration of artificial soils for their exclusive use in the remediation of the degraded areas of the Saelices el Chico mining exploitation from the Directorate General for Quality and Environmental Sustainability of the Regional Government of Castilla y León. This Authorisation is accompanied by ENUSA's qualification as a Non-Hazardous Waste Manager, associated with a process facility with a NIMA (Environmental Identification Number) code.

As part of the TEKURA project, three reactive wetlands have also been built, which receive the different natural channels arranged on the surface of the project, and whose mission is to complement the adaptation of the physical conditions of the runoff waters collected in order to reach suitable values that make treatment prior to their discharge into the public hydraulic domain unnecessary. The project is carried out over a large area of the restored mining area, some 52 hectares in size.

Strict analytical controls are maintained on the waste entering the process to avoid the inclusion of foreign elements in the formation process, as well as controls of the physical, chemical and agronomic properties of the technosols produced in the Plant. Various deep soundings, sub-surface piezometers and surface sampling points are also being employed in order to control the flows and quality characteristics of the different waters that flow through the project's test area.

Parallel to the development of the TEKURA project, the previous tests in the reactive wetland and in soils eroded by the presence of old rubble dumps continue, although with a lesser focus, as well as the necessary tests for the study of the remediation of deeper waters, a much more complex process than that of superficial technosols.

The monitoring and control of water quality will also continue at the established sampling points, in order to check the results of the different actions aimed at reducing the formation of acid waters carried out in previous years (drainage works, canal waterproofing, application of organic amendments, such as carbonation foams from sugar factories, etc.).

With all the cited activities, the aim is to complete the recovery of the natural spaces affected by the mining activities in as short a time as possible, taking into account that a maturity period of the extended compounds is needed, as well as for the particular features of the site.

ENVIRONMENTAL MANAGEMENT

According to the foregoing, the purpose of the environmental centre is to recover the site affected by uranium concentrate production activities and, through proper environmental management, to ensure that the activities it carries out are implemented in an as environmentally conscious way as possible. The facility directs its management towards radiological control activities and non-radiological control activities. In this respect, in 2018 the most relevant aspects were as follows:

Monitoring of the Installation Radiological Conditions

Periodic inspections and measurements are performed on the different sections of the facilities to ensure that the employees' exposure conditions comply with the principles of radiation protection, minimising radiological risk. Thus, the doses received by personnel, belonging both to staff and to external companies, in 2018 for tasks performed under the radiological conditions the facilities are in were well below the limits established, in line with those of previous years.

MONITORING OF THE RADIOLOGICAL CONDITIONS IN THE INSTALLATIONS

DOSE INTERVAL (mSv)	NO. OF USERS	TOTAL %	COLLECTIVE DOSE (mSv-p)
Background	30	91	0
Background – 1,00	3	9	0.46
1,00 – 2,00	0	0	0
Greater than 2,00	0	0	0
TOTAL	33	100	0.46

In order to assess these data, the levels of exposure of other dosimetrically controlled professional groups which are also exposed to ionising radiation fields due to their line of work are considered.

COMPARATIVE TABLE OF AVERAGE INDIVIDUAL DOSES IN DIFFERENT TYPES OF INSTALLATIONS

INSTALLATIONS	AVERAGE INDIVIDUAL DOSE (mSv/año)			
	YEAR 2014	YEAR 2015	YEAR 2016	YEAR 2017
Nuclear power plants	0.97	1.34	0.93	1.35
Nuclear Fuel Cycle Facilities, Waste Repositories & CIEMAT	0.57	0.53	0.49	0.45
Radioactive Medical Facilities	0.63	0.63	0.64	0.63
Radioactive Industrial Facilities	0.89	0.81	0.86	0.83
Radioactive Research Facilities	0.3	0.32	0.42	0.38
Facilities being dismantled and decommissioned	3.72	2.15	2.90	1.68
Transport	2.14	2.14	2.22	1.95
Exposed Workers	0.71	0.76	0.72	0.74

These data, which are included as reference, are in the CSN annual reports to Spain's Congress and Senate. At the time this report was written by ENUSA, the CSN had not yet published the previous year's report, so that the data for 2018 are not included, but the year 2017 has been updated with regards to the latest information submitted.

Liquid Effluents

As has been pointed out, ENUSA continues to treat and condition the waters affected by the acid mine drains of the site so that the liquid effluents generated have the level of chemical and radiological quality required for controlled discharge into the Águeda river, in accordance with the existing permits. The effluents basically come from the runoff waters collected in the different hydraulic infrastructures on the site (dams, ponds, etc.). The treatment process, based on chemical neutralisation, the effluents and the receiving channel are routinely controlled in order to ensure the adequate operation of the facilities and compliance with the limits imposed by means of continuous measurement of characteristic parameters and the collection of samples (daily, weekly, monthly, etc.) and subsequent laboratory analysis. In 2018 a volume of effluents amounting to 442,127 m^3 was treated and discharged, lower than the volume discharged the previous year, due, among other reasons, to restrictions on discharge due to the low flow of the river in the first months of the year. However, despite increased rainfall in 2018, the volume of water managed throughout the year did not increase significantly, and remained similar to those of recent years.

As regards the radiological quality of the waters released, the characteristic parameters of the effluents, as well as the impact on the receiving channel, have remained below the limits required by the Nuclear Safety Council (CSN), as the radiological regulatory body.

As for the physical-chemical quality of the discharge, the limits for nonradiological parameters (acidity, salts, metals, etc.), both in the liquid effluents and in the receiving channel, are established by the Duero River Basin Authority. Due to the origin and composition of these discharges, special attention is paid to a series of parameters that are considered characteristic: pH, sulphates, ammonia and metals such as uranium and manganese. The limits established for the effluents have also been complied with at all times. Likewise, the quality levels of the Águeda river, which received the discharge, have been maintained, with hardly any variations between the control points located upstream and downstream of the discharge point. It should be noted that, as in previous years, there was no discharge in November and December.

LIQUID EFFLUENTS

Spilled Radium 226 Activity	Limit (Bq)	Maximum value reached	
		Bq	% of Limit
12 months in a row	1.65 E +09	1.34 E +07	8.1
90 days in a row	0.825 E +09	0.381 E +07	0.5
24 hours	16.5 E +06	18.4 E +04	1.1

RECEIVING WATERWAY

Parameter	Limit (Bq/m^3)	Maximum value reached	
		Bq/m^3	% of Limit
Increased Radium 226 activity	3.75	0.12	3.2
Radium 226 concentration	185	13	7.0
Total alpha activity concentration	555	334	60

RECEIVING WATERWAY

Period	pH		Sulfates (mg/l)		Ammonia (mg/l)	
	Upstream	Down-stream	Upstream	Down-stream	Upstream	Down-stream
First quarter	6.7	6.7	10	74	1.10	1.24
Second quarter	7.0	6.7	6.4	17	0.97	1.07
Third quarter	6.8	6.7	1.9	13	0.8	1.1
Fourth quarter	7.8	7.7	2.1	5.3	1.21	1.07

Limits imposed on receiving waterway: pH: 6-9 Sulphates: 250 mg/l; Ammonia: 1 mg/l

LIQUID EFFLUENTS

Period	pH	Sulfates (mg/l)	Ammonia (mg/l)	Uranium (mg/l)	Manganese (mg/l)
January	7.0	1,813	2.3	0.018	0.061
February	7.2	2,096	2.3	0.012	0.081
March	7.2	1,743	2.1	0.015	0.052
April	7.0	2,160	1.4	0.010	0.037
May	7.1	2,224	1.4	0.015	0.104
June	6.5	2,280	1.8	0.019	0.093
July	6.6	2,070	1.8	0.019	0.144
August	7.0	2,133	2.7	0.019	0.124
September	6.8	2,133	3.1	0.021	0.134
October	7.1	2,301	3.2	0.022	0.121
November (*)	(*)	(*)	(*)	(*)	(*)
December (*)	(*)	(*)	(*)	(*)	(*)

(*) No discharge
Limits imposed on receiving waterway: *pH: 6.5 – 8.5 Sulfates: 2,500 mg/l; Ammonia: 10 mg/l Manganese: 0.4 mg/l Uranium: 0.1 mg/l*

Gaseous Effluents

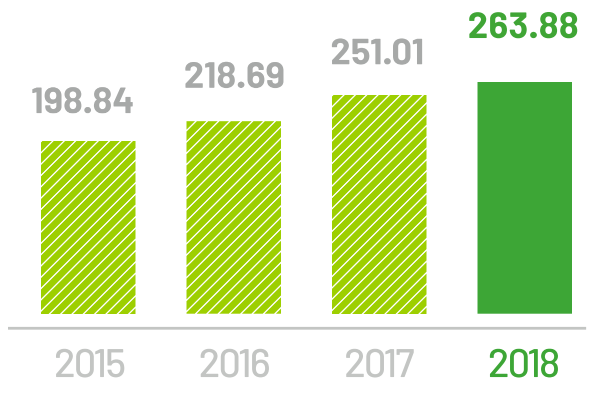
In the current shutdown phase there are no emissions from channelled sources and the emission of diffuse sources (such as mine waste dumps, leach dumps, material deposits, etc.) by dispersion of dust particles or the exhalation of radon gas from these structures is minimised with the construction of covering layers over them, carried out during mine dismantling and restoration activities, thus avoiding erosion phenomena that result in the generation of dust, on the one hand, and mitigating the release of radon gas into the atmosphere, on the other.

No are gaseous effluents of a non-radiological nature are generated either, except for direct or indirect emissions of gases derived from fuel burning, electricity consumption or the transport of goods, equipment and people.

Total direct and indirect greenhouse gas emissions by weight.

- **Direct gas emissions.** 2018 measurement: Burning of fuel oil, gas oil and gasoline.

CO_2 EMISSIONS RESULTING FROM BURNING FUEL (t)



- **Indirect emissions.** Emissions resulting from electricity consumption.

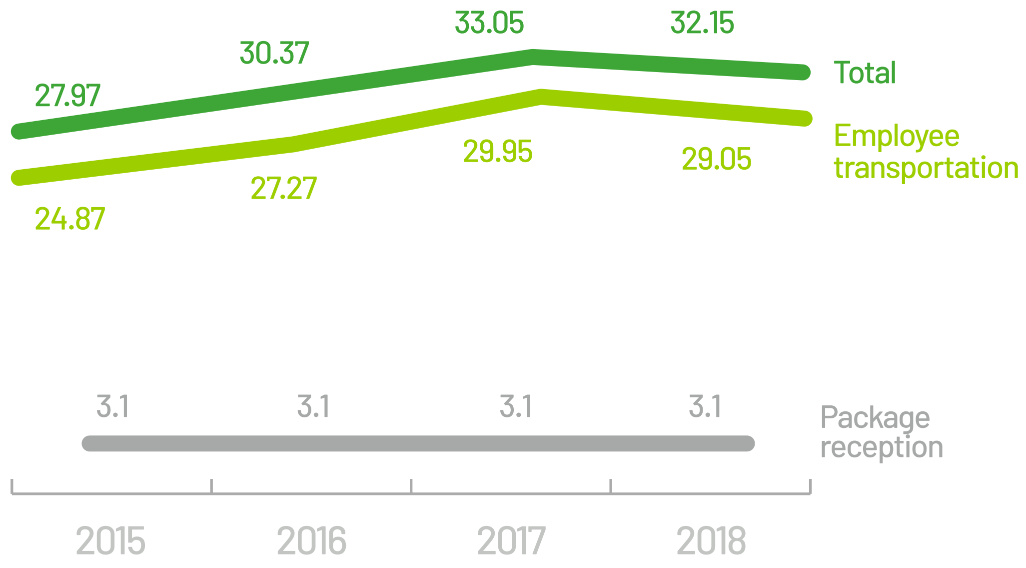
Year	Consumption (kWh)	Equivalent CO_2 (t)
2015	1,426,154	199.66
2016	1,934,467	270.83
2017	2,317,882	324.50
2018	1,726,961	241.77

See the conversion factors in Appendix II

Other indirect greenhouse gas emissions by weight.

Indirect greenhouse gas emissions primarily correspond to emissions of carbon dioxide due to the transport of both goods and services and personnel in relation to the normal operation of the facility (supplies, carriers, messenger services, trips to or from the workplace, etc.).

EVOLUTION OF OTHER INDIRECT GREENHOUSE GAS EMISSIONS (t)



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Population Dose

At the date of publication of this report, data for 2018 are not available, so data for 2017 are included. This information continues to be very far from the authorized limits.

TYPE OF DISCHARGE	CRITICAL INDIVIDUAL	EFFECTIVE DOSE (microSv/y)
Gaseous Effluents	1-year old children	3.54
Liquid Effluents	1-year old children	1.24
Specific facility limit	300 microSv/y	
General limit	1,000 microSv/y	

Solid Wastes

Mining and industrial activity generated different types of solid waste. The most important, due to their volume or radioactive nature, are mine tailings, which are stored in mine waste dumps, and process waste materials, such as mineralurgical sludge and effluent conditioning sludge, which are stored in purpose-built dikes, or depleted leaching minerals, which are stacked in so-called static leaching eras. The treatment of liquid effluents in progress continues to generate sludge through chemical neutralization by means of the lime slurry applied, which is deposited in the tailings stacks or in the tailings Dam of the Quercus Plant itself. In accordance with international practice in this type of facility and the regulations that apply to it, in restoration and dismantling activities these materials are confined and decommissioned on site, creating stable long-term structures to avoid undue risks to nearby population groups as well as environmental deterioration in areas close to the facilities. At present, the final conditioning of the waste materials from the Quercus Plant is pending because, as indicated previously, this plant has still not been dismantled.

Conventional waste is also generated, without radioactive content, but which is also managed in accordance with the corresponding legislation: hazardous waste, sanitary waste and urban waste.

- **Hazardous:** This type of waste, usually stored and removed by an authorised manager, are mineral oils, hydrocarbon cleaning waters, etc. The waste generated in 2018 was:
  - Mineral oil: 2.3 t
  - Oil filters: 0.030 t
  - Sepiolite: 0.001 t
  - Batteries: 0.05 t
  - Alkaline batteries: 0.001 t
  - Fluorescent tubes: 0.010 t

However, in 2018 no hazardous waste was delivered to an authorised manager, given the small amounts that accumulated.

- **Sanitary:** The amounts generated are irrelevant and are therefore always managed together with those of the Juzbado factory, after selection at source.

- **Municipal:** This waste, which was also generated in small amounts, is managed through the "Puente La Unión" municipal association (to which the municipalities of Saelices el Chico and Carpio de Azaba, among others, belong), with which this service has been contracted.

Environmental Monitoring Programmes:

There are two programmes aimed at monitoring and quantifying the impact of the activities on the surroundings of the site: the Environmental Radiological Monitoring Programme and the Environmental Monitoring Programme, although others are also carried out for the same purpose, such as, for example, the Groundwater Monitoring and Control Programme.

- The objective of the **Environmental Radiological Monitoring Programme (P.V.R.A.)** is to establish the variations in the radiological background of the site as a result of the activity and its evolution during the different stages of the facilities' lifetime (production, dismantling and restoration, post-monitoring, etc.). This programme assesses the environmental radiological impact that may be caused to the environment. Its scope is defined taking into account the characteristics of the site and its area of influence, as well as the mining and industrial activities carried out, which determine the most important indicators and the main exposure routes to be controlled. The Programme includes the collection of different types of samples at the control points located within a 10-kilometre radius around the facility, as well as the analysis of a series of characteristic radiological parameters. In 2018, the same scope as in 2017 has been maintained. The development of the Programme is planned annually, with the collection of some 1,000 samples (mainly water and air) at some 77 control stations, on which approximately 2,500 analyses are carried out (natural radionuclides, radon gas, environmental gamma radiation, etc.), it being observed to date that the impact is of very little or no significance, without significant changes having been observed in it.
- **The Environmental Monitoring Programme (P.V.A.),** which is developed in compliance with the Environmental Impact Statement of the Quercus Plant for the exploitation stage, covers the monitoring and control of the chemical quality of the surface waters of the Águeda river and of the groundwater in the towns close to the facility (which are associated with public supplies from springs or wells). It also analyses atmospheric quality with respect to non-radioactive pollutants (sedimentary particles), as well as the aquatic biota and sediments of the Águeda river as it passes through the facilities, examining its metallic content and the variations that may occur between the control points located upstream and downstream of the point of discharge of liquid effluents. The results obtained in this program are similar to those of previous years and no anomalous impact has been detected.

Reportable Environmental Incidents in 2018

No incident with environmental repercussions has occurred in 2018.

OTHER ENVIRONMENTAL PERFORMANCE INDICATORS

Used Materials, by Weight or Volume

Restoration activities in natural areas affected by mining activities use natural materials from the site itself and its surroundings (tailings from the mining operation, slate, clay, topsoil, etc.) to improve vegetation growth, repair eroded areas, carry out or extend hydraulic works and infrastructures, etc. During 2018 some actions have been carried out that have required the use of these materials, always in limited quantities. On the one hand, a total of 493 m^3 of arkose and 6,961 m^3 of a mixture of quartzite and clay were used in the conditioning and repair of tracks. On the other hand, as a component of the technosols for the TEKURA Project, a total of 2,040 tons of arkose were used to provide them with structure.

Likewise, in the development of the TEKURA project for the application of technosols, the different components (ashes, sewage sludge, chipping material, etc.) necessary to produce the technosols with different properties to be spread on the experimental site have been collected. By the end of 2018, a total of 13,095 tons of various types of technosols had been produced.

Energy consumption (itemized by primary sources)

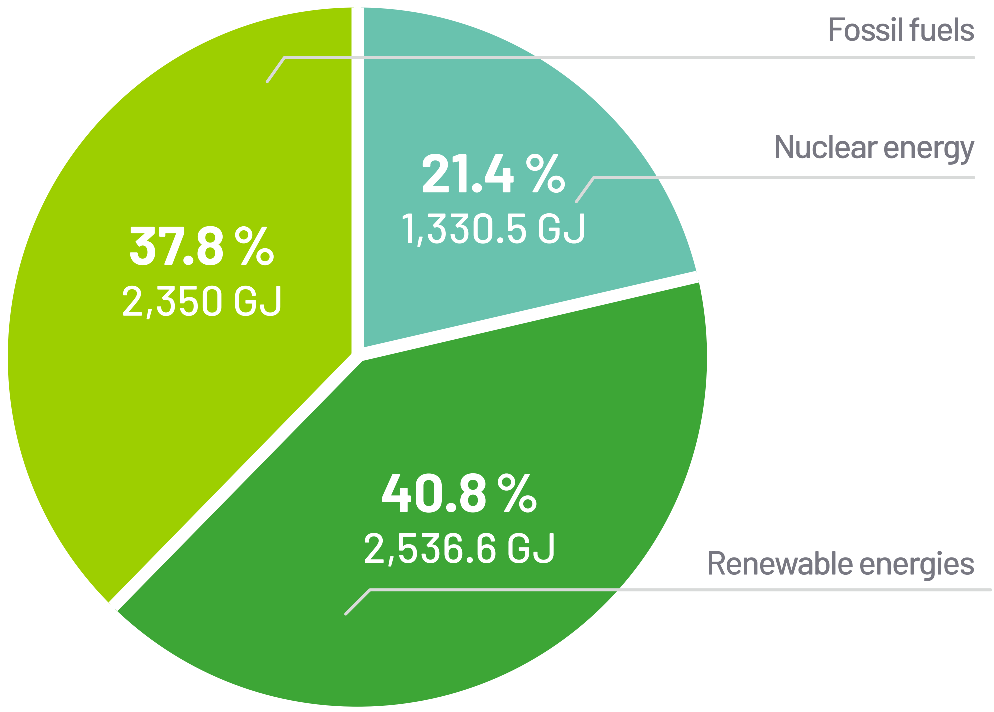
- **Direct energy consumption:**

Year	Gasoil (kg)	Petrol (kg)	Electricity (kWh)
2015	58,388	40.79	1,426,154
2016	64,533	178.39	1,934,467
2017	76,131	220.35	2,317,882
2018	80,953	233.99	1,726,961

There has been no propane or fuel oil burning

- **Indirect energy consumption:**

Percentage of the electric power supply that comes from renewable, nuclear and other sources:



Total = 6,217.1 GJ
Data extracted from "Advance of the 2018 report of the Spanish Electric System". (REE).

- **Water:**

Total wastewater discharge, according to nature and destination.

WASTEWATER DISCHARGE, ACCORDING TO NATURE AND DESTINATION (m³)

	Destination	TOTAL 2015	TOTAL 2016	TOTAL 2017	TOTAL 2018
Sanitary and industrial wastewater (*)	Águeda river	589	1,249	1,333	1,764
Process Wastewater	Águeda river	235,485	294,716	523,371	442,127
		236,074	**295,965**	**524,704**	**443,891**

(*) Estimated as a fraction (60%) of the drinking water intake.

- **Biodiversity:**

The entire site occupied by the industrial-mining facilities occupies part of a property owned by ENUSA, with an area of 1,670 hectares, and is located as a whole within the Special Protection Area for Birds (SPA) "Campo de Argañán", ES0000218, which is a sanctuary for black storks *(Ciconia nigra)*.

During the 1974-2000 period, the area of the ENUSA property that was affected by open-pit mining and the associated industrial facilities were subjected to deforestation and significant geomorphological alteration as befits this type of activity, and was recovered during the 2001-2008 period through the implementation of the Dismantling Project of the facilities of the Elephant Plant and the Reclamation Project of the area affected by mining, which were approved by the competent administrations, in which the appropriate preventive, corrective and compensatory measures were applied. Likewise, during the construction and operation of the Quercus Plant, actions were carried out to minimise the impacts of the alteration of the affected areas, which will be compensated for almost entirely as the different stages of dismantling and closure are executed. In any case, the plant communities and animal species existing in the area of action and bordering areas, as bioindicators of pollution, point to the influence of the old mining exploitation being fairly limited, since, although there occurred a reduction in the flora and a displacement of the fauna in the exploited areas during the productive and restoration stages, once these were completed, both have been gradually restored thanks to dismantling and restoration, given the subsequent low activity and environmental recovery of the affected areas, which have thus far not been put to other uses (livestock, agriculture, hunting, etc.) that could interfere with the life of these species, thus fostering their proliferation and settlement. The vegetation, in particular, has been recovering with the campaigns of reseeding and replanting that have been carried out regularly on the basis of mainly scrubland species (bush species such as broom, rockrose, etc.), to support integration of the works into the landscape of the bordering areas.

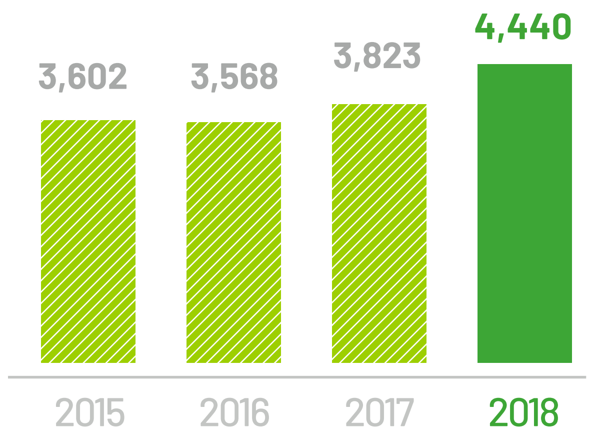
- **Initiatives to mitigate the environmental impact of products and services, and extent of reduction of this impact**

As has been pointed out, the Dismantling Project of the Elefante plant was finalized in 2004 and the Final Reclamation Project of the ENUSA Mining Operations in Saelices El Chico was concluded in 2008, and its ultimate purpose was to return completely or partially the lands affected by the activity to their former uses (mostly pasture and forest), minimizing in full or at least partially the environmental impact, adapting the orography to the immediate environment and integrating them into the region's landscape. The original uses can be recovered, in any case, with the approval of the competent authorities, once the respective programs are concluded, to ensure that the site is in good environmental condition and that the objectives set are fulfilled. In accordance with the results of the ongoing programmes, with the exception of the quality of the waters due to the aforementioned phenomenon of acid drains, the radiological and environmental recovery objectives are met satisfactorily, as has been pointed out in the previous chapters.

- **Environmental Expenses and Investments**

As in previous years, the expenditure generated during 2018 (4.440 million euros) can be considered an environmental investment, since it was essentially dedicated to the treatment of polluted water, the maintenance and control of restored areas, the performance of laboratory and field tests together with the development of ongoing projects aimed at helping to optimise water management (soil behaviour studies, soil amendments, characterisation of the waters generated, implementation of the Tekura Project for the application of technosols, etc.), as well as the continuity in the execution of the monitoring and control programmes established and approved by the different bodies with competence in the activities in progress, which are aimed to a large extent at monitoring and evaluating their impact on the environment and verifying compliance with the limits imposed in each case by the different mandatory authorisations, informing these bodies promptly of the activities carried out and the results obtained by means of periodic reports, inspections, etc. With respect to previous years, it should be noted that the specific actions in 2018 have entailed a cost of 1,037,065 euros for water treatment and 1,368,000 euros for land remediation actions and the development of pilot projects and the Tekura Project for the application of technosols that are carried out in the different areas and structures of the site, costs which are significantly higher than those of the last two years.

ENVIRONMENTAL INVESTMENTS
(thousands of euros)



3. Information on Environmental Issues in the Invested Companies of the ENUSA Group

Emgrisa

Emgrisa's business is the environment, so its activities focus on its improvement per se, such as the business lines associated to waste management, environmental research, or the recovery and integral remediation of spaces.

The Company strives to be a reference in the recovery and preservation of spaces where human activity takes place, and to help the community to enjoy a dignified environment under the permanent commitment of customer and society satisfaction, all based on the development of a competitive organization that allows the development of its objectives from the financial point of view.

In this order, the commitment of EMGRISA as indicated entails an ongoing investment and effort, whose results are materialized in the following:

- Recognition of its management systems, certified by SGS TECNOS, an internationally accredited firm.
- Effective loyalty of its traditional customers and acquisition of new customers in all the new business lines.
- Continuous improvement of its productive processes, seeking the utmost respect for the environment and the renovation, improvement and optimization of its infrastructure.

In the search for the greatest respect for the environment, Emgrisa employs two processes to identify, evaluate and determine the controls to be adopted with regards to the significant environmental aspects generated by its activities.

To this end, the Organization has on staff a team specialized in the prevention of environmental risks, in addition to the entire Operations staff, which has experience and training in said prevention. In addition, it has specific means of prevention, control and mitigation against the potential realization of environmental risks, such as specific management plans for each project and centre, spill containment means, alarm systems or fire-fighting resources, among others.

The precautionary principle is implemented in the design phase of the Organization's operations and is one of the specific principles included in its Policy.

The Organization has an environmental liability insurance policy that covers the potential adverse effects that its activity could generate.

The following are some of the company's environmental management parameters, except for waste and paper, electricity and water consumption, which are included in the "Main Environmental Performance Indicators of the ENUSA Group" section:

Pollution:

Emgrisa has defined environmental codes of conduct which include measures to be adopted with regards to fuel consumption or gas emissions by support and operational process, i.e. from the design process, through purchasing to execution and control processes.

Specifically, all the organisation's projects and fixed operating centres have specific management plans in place that set out the environmental guidelines and/or actions to be carried out with a view to mitigating gas or noise emissions.

Circular economy and waste prevention and management:

As stated in the application requirements, Emgrisa's activities related to waste management give priority to a responsible management of the waste it is in charge of, for example: recycling versus landfilling. On another front, effective waste disposal, substitution and management measures are established for each action and fixed centre.

Sustainable use of resources:

The effluents and waste generated by Emgrisa at its fixed centres are managed in accordance with the applicable regulations and subject to analytical control as indicated in its permits. With regards to waste, by its own activity, the Organization has the capacity for self-management.

Climate change:

Emgrisa has no data on its GHG emissions, given that they are not significant for the assessment of its environmental aspects. However, it does identify fuel consumption, from which GHG emissions are derived, as relevant, and reduction measures for this environmental aspect are implemented.

ETSA

The ETSA subsidiary, like all companies in the ENUSA Group, is fully aware of its responsibilities towards the environment and society. Minimising the environmental impact (current and foreseeable effects) of all its activities is an essential objective for the entire organisation. Due to its activity and characteristics, ETSA can cause the following effects on the environment:

- Consumption of limited raw materials.
- Atmospheric pollution by gas emissions.
- Waste generation.
- Disruptive activities (noises and smells).
- Possibility of accident involving dangerous goods (including nuclear and radioactive goods).

ETSA has a Significant Environmental Aspects Procedure in place which details how these aspects (both direct and indirect) are identified in accordance with their activity and the life cycle of the products, as well as the impact thereof. They are re-evaluated annually based on standard or extraordinary operating conditions and, depending on the estimated level of risk, actions are suggested to reduce the risk. They are also reviewed in the event of operational changes (new activities, services or modifications thereof) as well as if an abnormal or emergency situation has occurred that had not previously been identified.

ETSA's Environmental Management System complies with the applicable legislation, is periodically reviewed and is certified based on the points of Standard UNE-EN-ISO 14001.

ETSA has a Quality and Environment department in order to organise and manage work related to the prevention of environmental risks in all areas of activity. In addition, there is a Quality and Environment Committee made up of the management, the person in charge of the quality department, the person in charge of each of the operating areas, the safety adviser and the person in charge of Radiation Protection. This Committee meets at least once every four months. It decides on the measures, the persons in charge and the technical, human and economic resources necessary to minimise environmental risks (both in terms of reducing the possibility of the risk materialising and its consequences in the event of its occurrence).

The organization will provide all technically and economically viable necessary resources to minimize the environmental impact of its activity.

It also has a Quality and Environment Policy in place, which establishes the premise of reducing environmental impacts regardless of their origin and possible adverse effects, to which end it applies the best available technologies whenever technically and/or economically viable and adopts the principle of pollution prevention.

The following are some of the company's environmental management parameters, except for waste and paper, electricity and water consumption, which are included in the "Main Environmental Performance Indicators of the ENUSA Group" section:

Pollution:

In order to prevent and reduce greenhouse gas emissions generated by its main activity (transport), ETSA carries out:

- Periodic renewals (within a maximum of 4 years) of its vehicle fleet, acquiring new vehicles with the most ecological engines on the market within its financial means.
- The driving times and speeds of heavy vehicles are strictly monitored in accordance with tachograph regulations, which contributes to efficient driving values that minimise consumption and emissions.
- Vans are also renewed every two years by means of a renting service. Moreover, they include a fuel supply and consumption management and control system, as well as a warning system that alerts to energy inefficient driving behaviour.

Annually, ETSA establishes in its environmental objectives the reduction of fuel consumption and emissions in accordance with the values of the previous year. Each Quality Committee analyses the results in accordance with the objectives set and, where necessary, additional measures are established for their reduction.

Circular economy and waste prevention and management:

ETSA has authorised suppliers for the appropriate management of the entire lifecycle of the products it uses to carry out its activity: toners, paper, fluorescent lamps, batteries, computer equipment etc., and uses environmental criteria when bidding and selecting suppliers of products or services:

- They should have an Environmental Management System in place.
- They should have a Quality Plan, ISO 9001 and ISO 14001 Certificates or any other document issued by an external certifier.
- It verifies that the company carries out adequate waste management (it should have an authorization certificate as a Producer of Small Volumes of Toxic and Hazardous Waste -RTP- issued by its Autonomous Region or a certificate issued by the authorized company that performs this function on its behalf).

Environmental criteria are also used for the selection of office supplies:

- Single-material resources, free of mixtures (preferably recycled).
- Reusable or recoverable materials.
- Long-lasting, rechargeable, repairable materials.
- Use of non-polluting liquids (water-based).

In addition, the company has a best environmental practices manual that it provides employees and subcontractors.

It follows the three basic principles of proper waste management:

- **Reuse:**
    - Employing resources that have already used for other ends.
- **Reduction:**
    - Switching off appliances to extend battery life.
    - Using available means in an appropriate and responsible manner.
    - Using resources until the end of their lifespan.
- **Recycling:**
    - Disposing of materials in the appropriate containers.

Sustainable use of resources:

In 2018, with regard to fuel consumption by heavy vehicles, controls were put into place since April, which resulted in an average consumption of 32l/100km, with the exception of the vehicle used for movement within an facility.

Climate change:

ETSA has no data on current greenhouse gas emissions beyond fuel consumption data. However, it has specific measures in place to minimise transport emissions.

As a short-term objective, ETSA will establish the replacement of current office luminaires by energy-efficient light bulbs.

A long-term objective is the replacement of the fleet of light vehicles by vehicles with electric motors and, as long as technically feasible, to replace the combustion engines of the fleet of heavy vehicles by hybrid engines or engines with the most ecological technology available.

TJV ENUSA-FOBESA VALORIZACIÓN DE RESIDUOS-A2A AMBIENTE (TJV-MSW CASTELLÓN)

This TJV is one of the infrastructures in the province of Castellón dedicated to the correction of negative environmental effects caused by municipal waste, especially solid urban wastes (SUW). It has a Plant for the valorisation of SUW, green, voluminous and hazardous waste of domestic origin, as well as a reject repository and two transfer plants for the aforementioned waste.

The treatment plant is located approximately 15 - 20 km away, in a straight line from the Sierra de Irta Natural Park, on which it does not cause an impact of any kind.

The guarantees aimed at covering environmental risks are those established by the available Integrated Environmental Authorisations (AAI), especially that of the landfill.

The following are some of the company's environmental management parameters, except for waste and paper, electricity and water consumption, which are included in the "Main Environmental Performance Indicators of the ENUSA Group" section:

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Pollution:

Most of its carbon emissions are indirect, due to electricity consumption and transport. Direct emissions are a consequence of the aerobic fermentation process (biodrying) of organic matter (OM) carried out in the plant, biofilters being available for its mitigation. The biogas produced by the landfill as a consequence of the anaerobic fermentation of OM may also have an impact as greenhouse gases (GHG). A torch that reduces its incidence in the atmosphere is available for its mitigation, which burned 57,948 m^3 of biogas in this facility during 2018.

Circular economy and waste prevention and management:

The TJV facilities are an essential part of the circular economy plans for the area in which it operates as a waste management service concessionaire.

Sustainable use of resources:

The raw material used is municipal waste produced in Zone 1 and one of its main objectives is to recover materials for recycling. In 2018, 9,443.29 tons of materials (PET, HDPE, P/C, Fe, Al, etc.) were recovered, plus another 2,114 tons of biostabilized material for agricultural uses.

Diesel consumption in 2018 amounted to 35,769 litres.

At the Benlloch transfer plant, an electric power generation system has been installed using solar screens.

No wastewater discharges are carried out at the TJV facilities, and wastewater from the plant is recycled and reused. The landfill produces leachates due to rain and those that do not evaporate are taken to an external manager. In 2018, the latter amounted to 1,170.89 m^3. Sanitary waters from toilets have no connection with any sanitation system (the facilities are far from any towns), and are therefore delivered to an external manager.

Climate change:

GHG emissions during 2018 have been estimated at:

- Direct GHG emissions: 161.61 t of CO_2.
- Indirect GHG emissions: 1,345 t of CO_2.

Other relevant information: environmental controls

As has been the case since the beginning of its activities in early 2012, the Castellón UTE-RSU (MSW joint venture) is subject every year to a series of environmental controls, thus complying with the conditions specified in the Integrated Environmental Permits (AAI) for both the Cervera del Maestre Municipal Waste Treatment Plant and the Reject Repository.

The environmental controls carried out in 2018 are as follows:

Air

The atmospheric emissions and immissions from the different sources, both in the Plant and the Repository, have been controlled by an accredited ECMCA (environmental quality collaborating entity), and the recorded values were below the established limits.

For the Plant emission control, NH_3, SH_2, HCL, COT and HF particles are measured. Furthermore, the immission levels of NH_3 and SH_2 are measured, as required in accordance with the corresponding AAI (Integrated Environmental Permit), and the immission levels of particles and PS are measured on a voluntary basis as a complement to the above.

Just as in the Plant, the Reject Repository has been subject to environmental control of the immissions, and the recorded immission values and particle immission levels (PST and PS), NH_3 and SH_2 are below the established limits, as established by its AAI. In addition, an analysis of the emissions produced by the combustion of the biogas collected in cell no. 1 of the Reject Repository was carried out in the Rejection Tank, and its values are also below the established limits.

Water

In the reject repository, the controls on the groundwater of its different piezometers and the lixiviation pond are as follows:

- Daily control of the bottom piezometer of repository C-5 (conductivity and temperature).
- Weekly control of the 8 repository piezometers (conductivity and temperature).
- Monthly control of the 8 repository piezometers (basic physicochemical analysis by an accredited ECMCA).
- Six-monthly control of the 8 repository piezometers (complete physicochemical analysis by an accredited ECMCA).

All the recorded values are below the established limits.

Leachates

On a quarterly basis, a complete physical-chemical analysis has been carried out on the leachate collected in the leachate pond of the Repository and on the leachate collection tanks of the Plant by an accredited ECMCA entity, in which BOD5, COD, TOC, conductivity, suspended solids, Cd, Cr, Hg, Cu, Zn, etc., among other values were measured.

Just as for the groundwater, the obtained values are below the established limits.

The leachates of the Reject Repository and part of those of the plant were delivered to the appropriate authorized management agency for disposal. The other part of the plant's leachates were recirculated to activate the compost process. Both installations fulfil in this way the requirement of "zero discharges" imposed by the pertinent permits.

Topography of the Reject Repository

As a control and supervision measure, a topographical survey was made at the end of the year of the vessel currently in operation, in order to ascertain the occupied volume and the remaining available volume.

Others

During 2018, an Olfactometric Study was carried out both on the Plant and the Repository, and the values found were within the established limits.

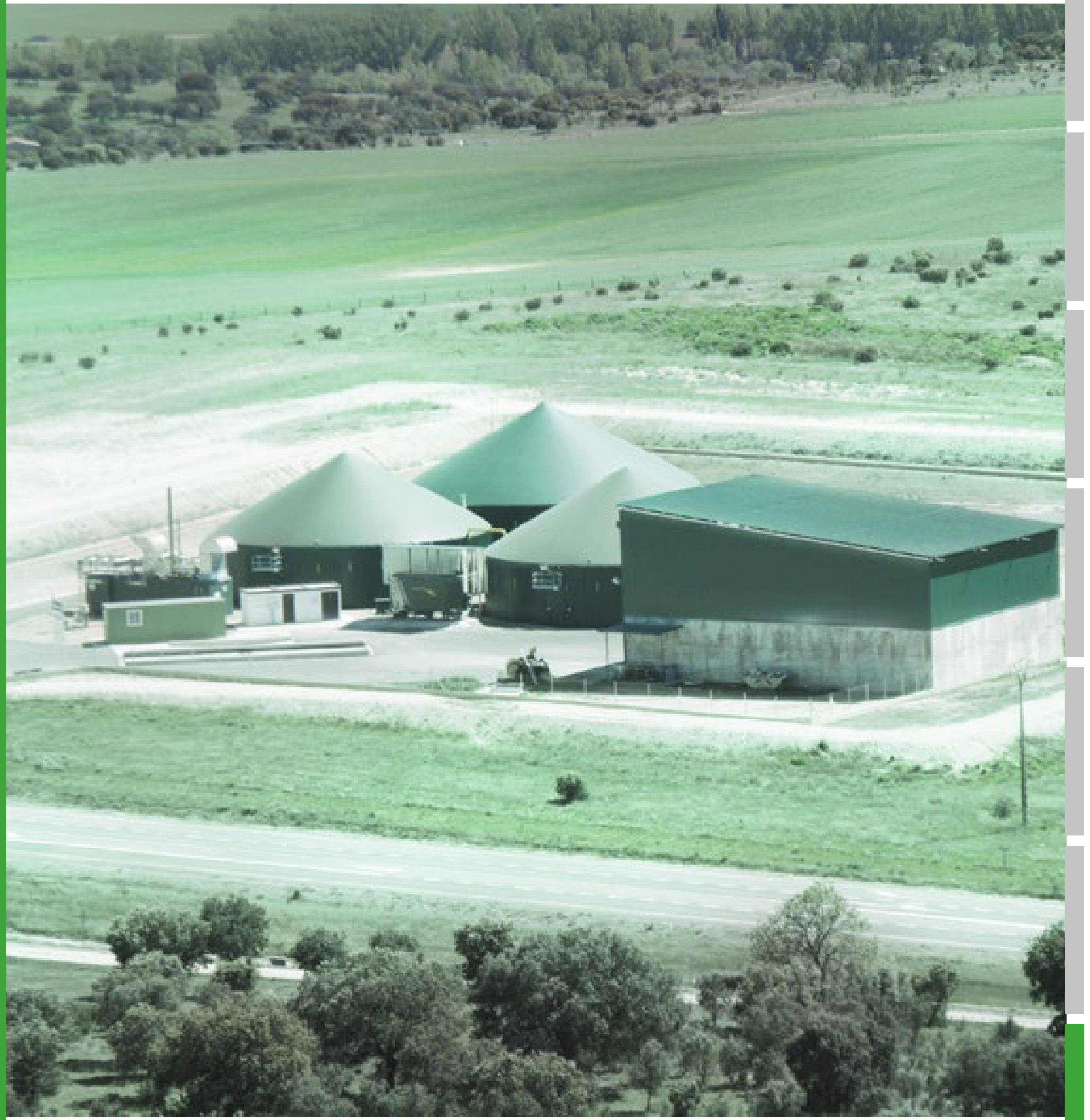
The biogas produced in the waste dump was also measured on a quarterly basis, to check its quality, composition and characteristics.

As usual, and in accordance with the agreements between the UTE, the Cervera del Maestre City Council and the Waste Consortium of Castellón Zone I, the UTE facilities have been subject to an exhaustive Environmental Audit by a firm accredited for such purposes, which analysed in detail all the possible impacts of the facilities on the environment, obtaining a satisfactory result.

4. Main Environmental Performance Indicators of ENUSA Group

Given the special characteristics of their businesses, the different companies that make up the ENUSA Group are especially involved in and committed to the environment and its preservation.

Climate change is one of the fundamental issues related to environmental conservation. The concern with this phenomenon will most likely lead to a greater demand for efficient, low emission energy solutions. For the ENUSA Group, climate change can be an opportunity if we bear in mind that nuclear energy can contribute nearly 20% to the reduction of emissions in the global electricity system by 2050 and there is a consensus that low greenhouse gas emissions make it an option to contribute to its mitigation. In addition, the absence of CO_2 emissions from the biogas plant is an opportunity for ENUSA Group's total emissions.



The most significant environmental performance indicators of ENUSA Group are indicated in detail below. The Juzbado and Saelices El Chico centres of ENUSA, both of which have radiological and non-radiological ambient controls, are extensively covered in detail in their respective sections and therefore this section only includes their totals. In the specific case of the ENUSA Madrid work Center, where the corporate headquarters are located, in addition to the data on paper, electricity, water and CO_2 emissions from electric power consumption and business trips by employees, an estimate of the generated wastes is included.

A document destruction and paper recycling initiative was launched in 2015 in order to implement responsible environmental management of all paper documentation, whether confidential or not, that is produced in the ENUSA Madrid offices and that must be destroyed pursuant to the provisions of the Personal Data Protection Act. In this way, we ensure that all the paper generated is suitably destroyed and revalorized. Last year 2018 resulted in the confidential destruction and recycling of 6,651 kg of paper, which avoided the emission of 5,985.9 kg of CO_2, the equivalent to 44.35 800-km trips by car.

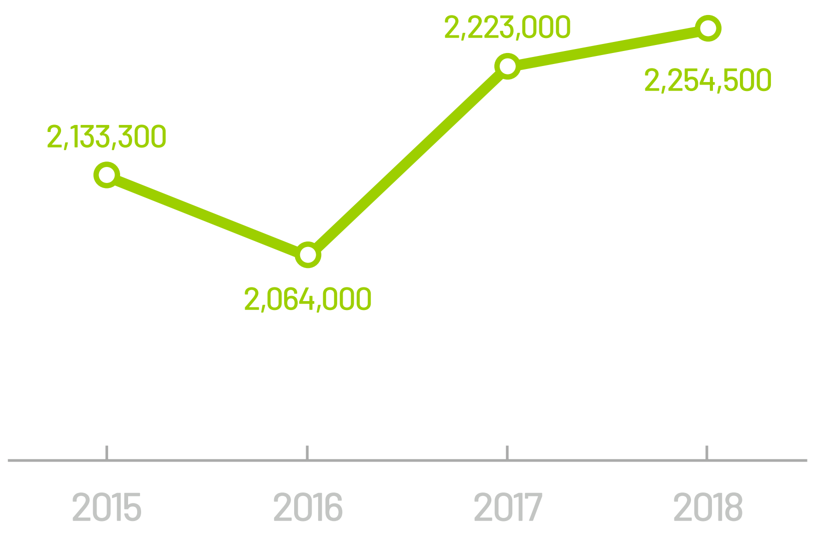
On the other hand, on occasion of this initiative, the waste management system has been modified in order to achieve adequate separation at source. Specifically, plastic bags have been removed from the workers' individual paper bins. Instead, both organic and plastic wastes must be placed in the containers provided for this purpose at the designated points for subsequent recycling and valorization.

Also, as a result of the renovation of the Madrid offices, there has been a reduction in electricity and energy costs. If the annual expenditure on electricity remained more or less stable at around 90,000 euros until 2015, during the renovation and in subsequent years it has fallen to 65,310 euros in 2018, a 27% saving compared to the average expenditure prior to the renovation. Likewise, if the annual expenditure on diesel oil for heating remained more or less stable at around 35,000 euros until 2015, during the renovation and in subsequent years it has fallen to 880.16 euros in 2018 (an expenditure caused by boiler maintenance due to the ENUSA Madrid offices belonging to a residents' association), a 97.5% saving compared to the average expenditure prior to the renovation.

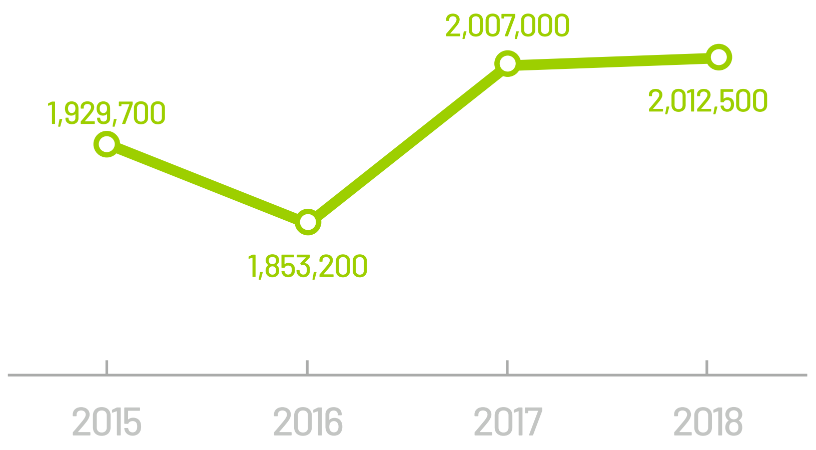
This section also includes the electric power, water and paper consumption, as well as the waste generated by the ENUSA Group subsidiaries, thus providing a total sum of the consumption of these resources in the Group as a whole.

PAPER

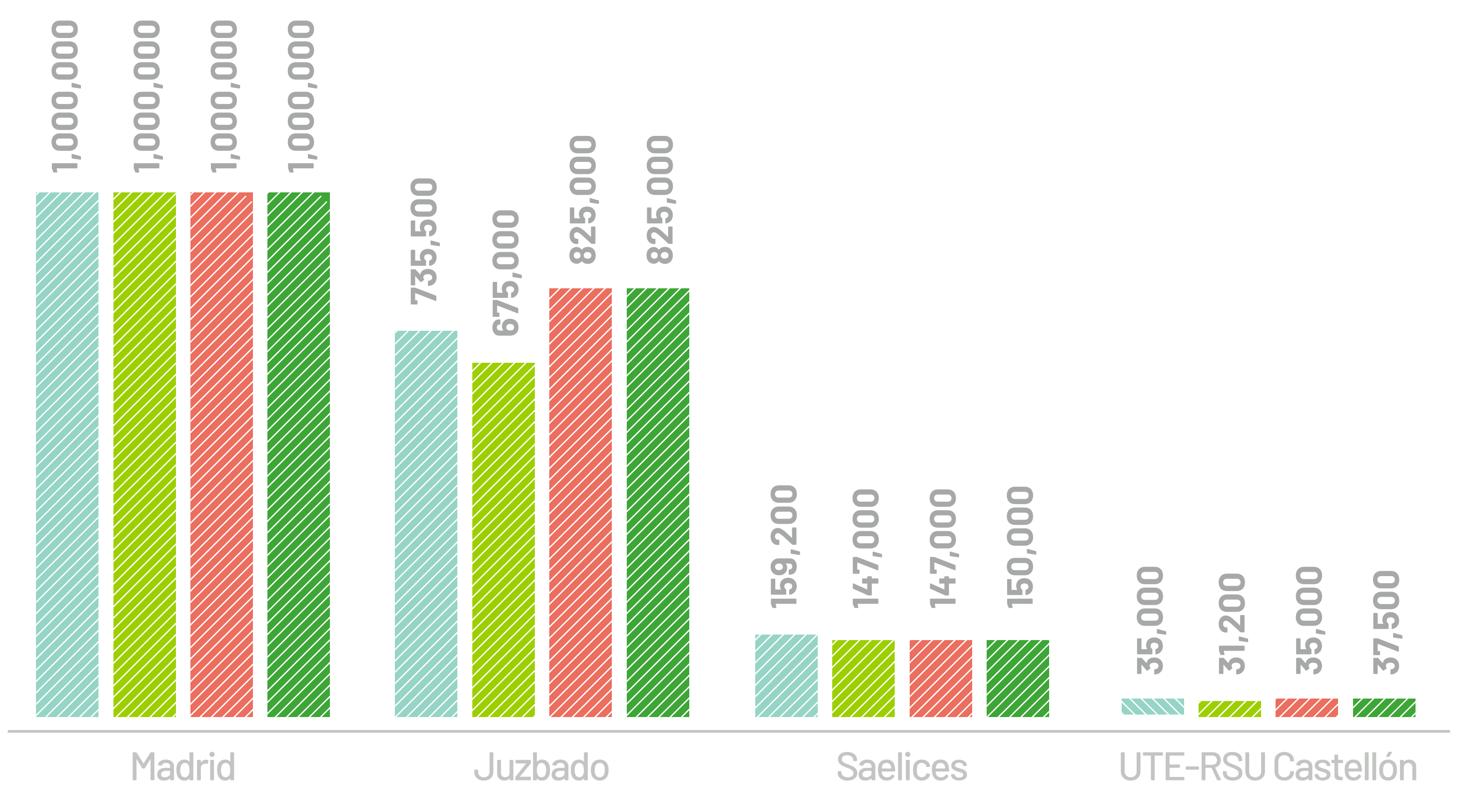
PAPER CONSUMPTION BY THE ENUSA GROUP (number of sheets)



TOTAL FOR ENUSA (number of sheets)



PAPER CONSUMPTION BY ENUSA (number of sheets)

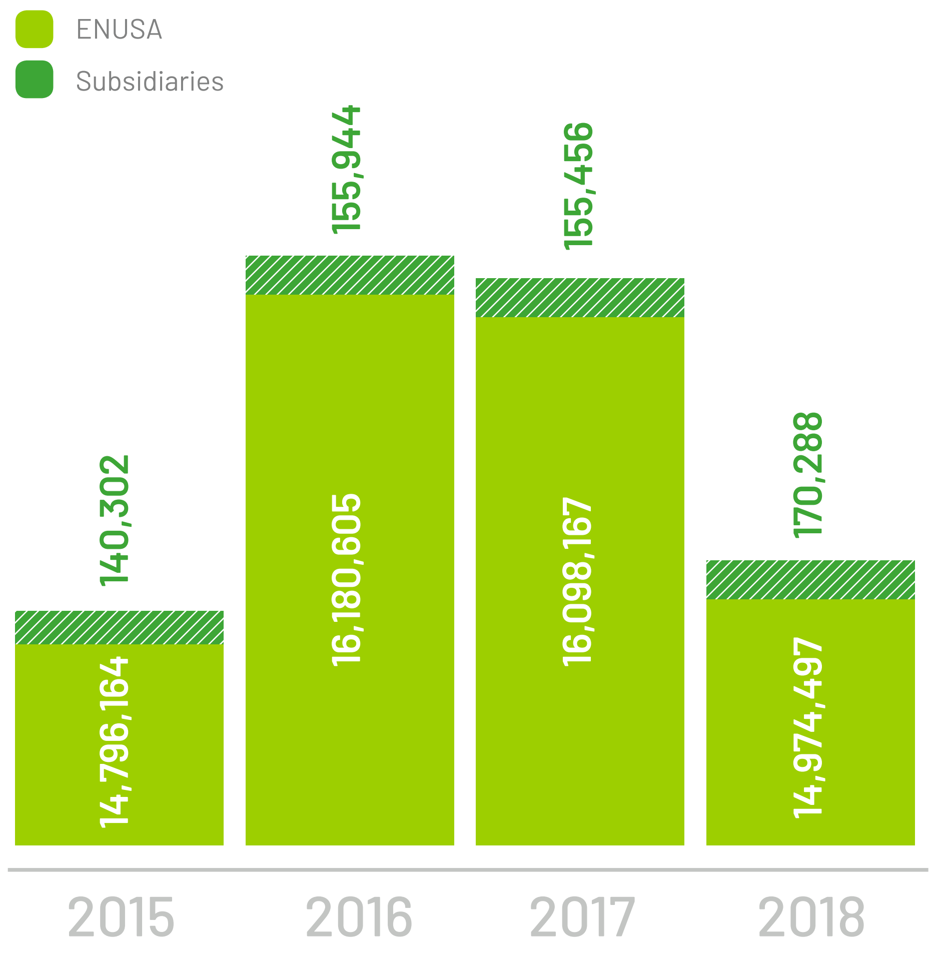


PAPER CONSUMPTION BY THE ENUSA GROUP (number of sheets)

	2015	2016	2017	2018
Emgrisa	156,600	163,600	165,400	157,000
ETSA	47,000	47,200	50,600	85,000
TOTAL SUBSIDIARIES	**203,600**	**210,800**	**216,000**	**242,000**
ENUSA	1,929,700	1,853,200	2,007,000	2,012,500
TOTAL ENUSA GROUP	**2,133,300**	**2,064,000**	**2,223,000**	**2,254,500**

ELECTRICITY

ELECTRIC POWER CONSUMPTION BY ENUSA AND SUBSIDIARIES



ENUSA ELECTRIC POWER CONSUMPTION BY WORK CENTERS (kWh)

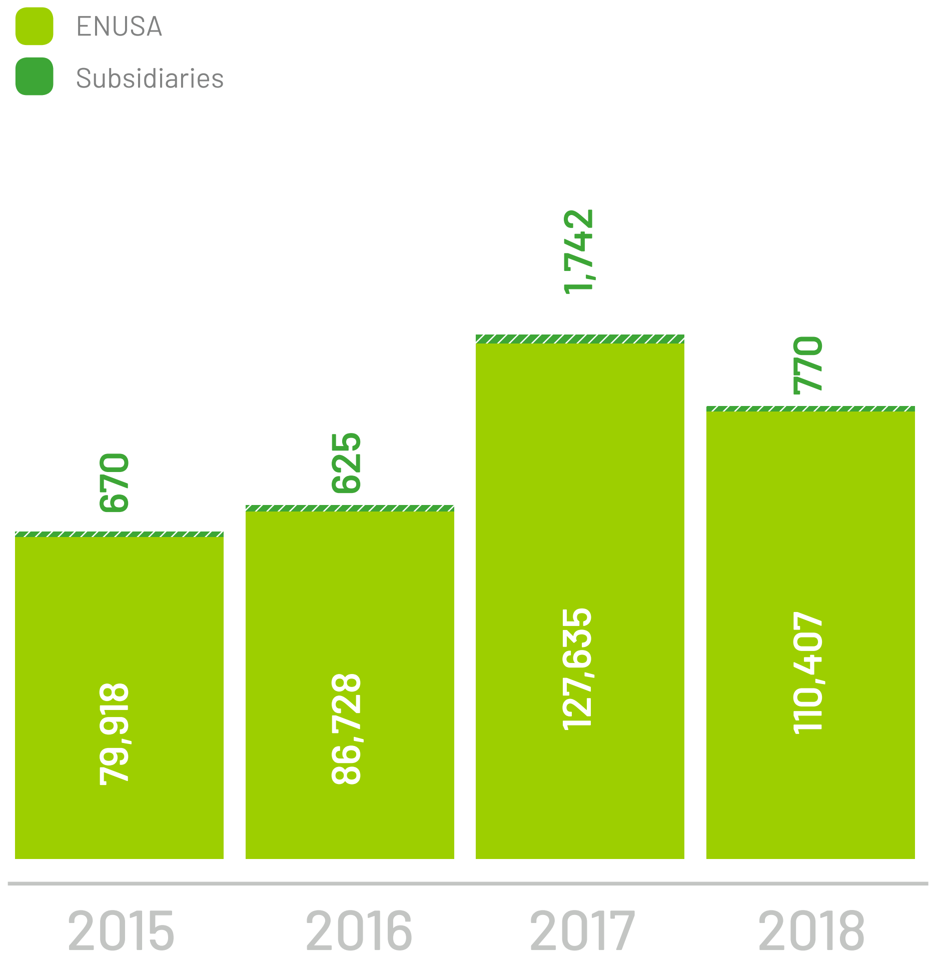
	2015	2016	2017	2018
Madrid	629,769	656,042	411,326	455,326
Juzbado	9,241,239	9,301,250	9,141,691	8,921,924
Saelices	1,426,154	1,934,467	2,317,882	1,726,961
UTE-RSU Castellón	3,499,002	4,288,846	4,227,268	3,870,286
TOTAL	**14,796,164**	**16,180,605**	**16,098,167**	**14,974,497**

ENUSA GROUP SUBSIDIARIES ELECTRIC POWER CONSUMPTION (kWh)

	2015	2016	2017	2018
Emgrisa	96,754	105,231	105,513	116,005
ETSA	43,548	50,713	49,943	54,283
TOTAL	**140,302**	**155,944**	**155,456**	**170,288**

WATER

ENUSA GROUP WATER CONSUMPTION (m³)



ENUSA GROUP WATER CONSUMPTION (m³)

	2015	2016	2017	2018
Emgrisa	658	613	1,694	741
ETSA	12	12	48	29
Total subsidiaries	**670**	**625**	**1,742**	**770**
ENUSA	79,918	86,728	127,635	110,407
TOTAL ENUSA GROUP	**80,588**	**87,353**	**129,377**	**111,177**

WATER CONSUMPTION BY DESTINATION AND ENUSA WORK CENTER (m³)

	DRINKING WATER	IRRIGATION WATER	PROCESS WATER	TOTAL 2018
Madrid	616	0	0	616
Juzbado	22,044	13,660	0	35,704
Saelices	2,940	23,600	43,828	70,368
UTE-RSU Castellón	148.26	780.99	2,789.25	3,718.5 (*)
TOTAL	**25,748.26**	**38,040.99**	**46,617.25**	**110,406.5**

(*) *Water recycled and reused: 3,694 m³ from storm water retention ponds*

WASTES

WASTES MANAGED BY ENUSA GROUP 2018 (kg)

	MADRID	JUZBADO	SAELICES	UTE	Total ENUSA	Emgrisa	ETSA	TOTAL GROUP
Hazardous Wastes	675	5,475	2,392	11,911	20,453	19,210		39,663
Inert Wastes		363,520			363,520			363,520
Recyclable urban-assimilable	6,958.5	25,719			32,677.5		113	32,790.5
Solid Urban Wastes	2,164.8	19,402			21,566.8			21,566.8
Leachates				1,170,890	1,170,890			1,170,890
TOTAL	**9,798.3**	**414,116**	**2,392**	**1,182,801**	**1,609,107.3**	**19,210**	**113**	**1,628,430.3**

EVOLUTION OF WASTES MANAGED BY ENUSA (kg)

	TOTAL 2018	TOTAL 2017	TOTAL 2016	TOTAL 2015
Hazardous [1]	20,453 [2]	48,160.31 [2]	5,240	9,033
Inert Wastes	363,520	496,322	22,260	85,940
Recyclable urban-assimilable	32,677.5	44,489.5	66,290	35,293
Solid Urban Wastes	21,566.8	23,348.2	21,575	21,502
Leachates [1]	1,170,890	3,038,050	2,998,060	4,992,230
TOTAL	**1,609,107.3**	**3,650,370**	**3,113,425**	**5,143,998**

(1) Includes hazardous waste and leachates from the TJV MSW Castellón.

(2) Includes sanitary wastes.

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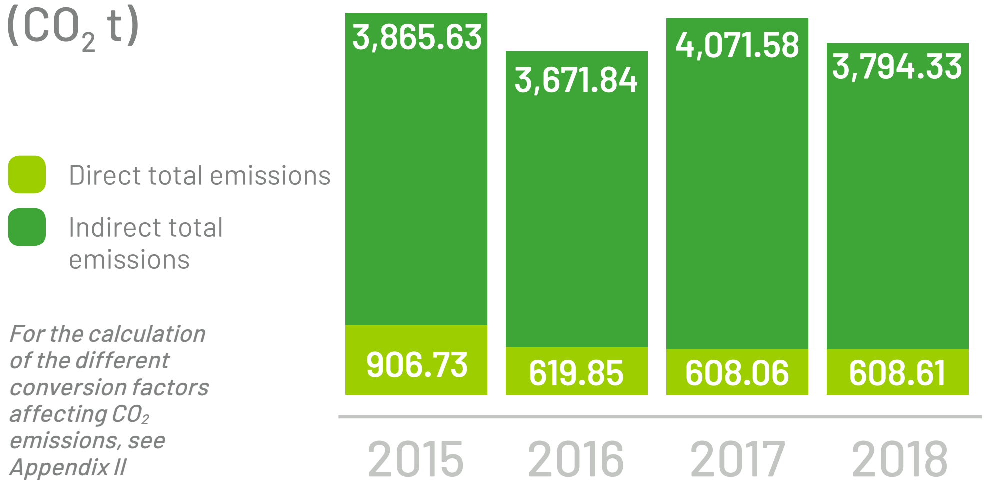
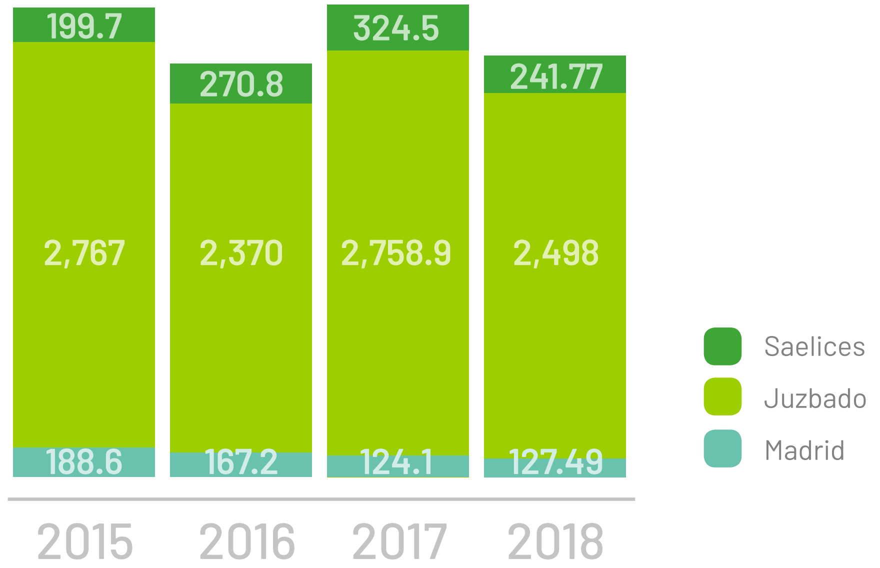
CO_2 EMISSIONS

ENUSA CO_2 EMISSIONS (CO_2 t)

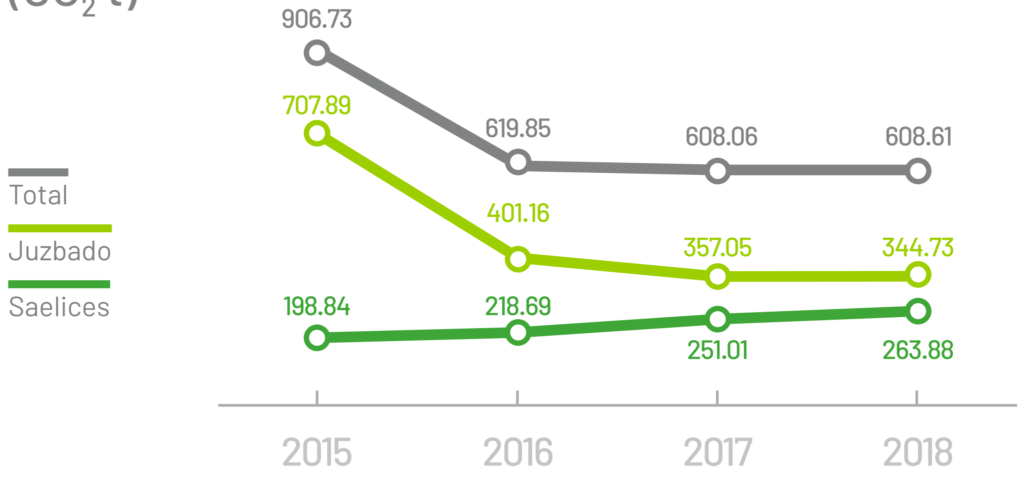


For the calculation of the different conversion factors affecting CO_2 emissions, see Appendix II

ENUSA INDIRECT EMISSIONS ELECTRIC CONSUMPTION (CO_2 t)



ENUSA DIRECT EMISSIONS (CO_2 t)

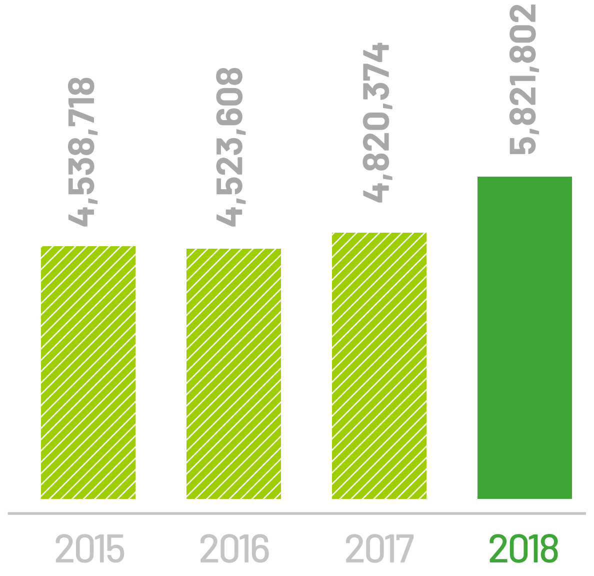


INDIRECT EMISSIONS BY ENUSA - TRANSPORT OF PERSONNEL, GOODS AND SERVICES (CO_2 t)

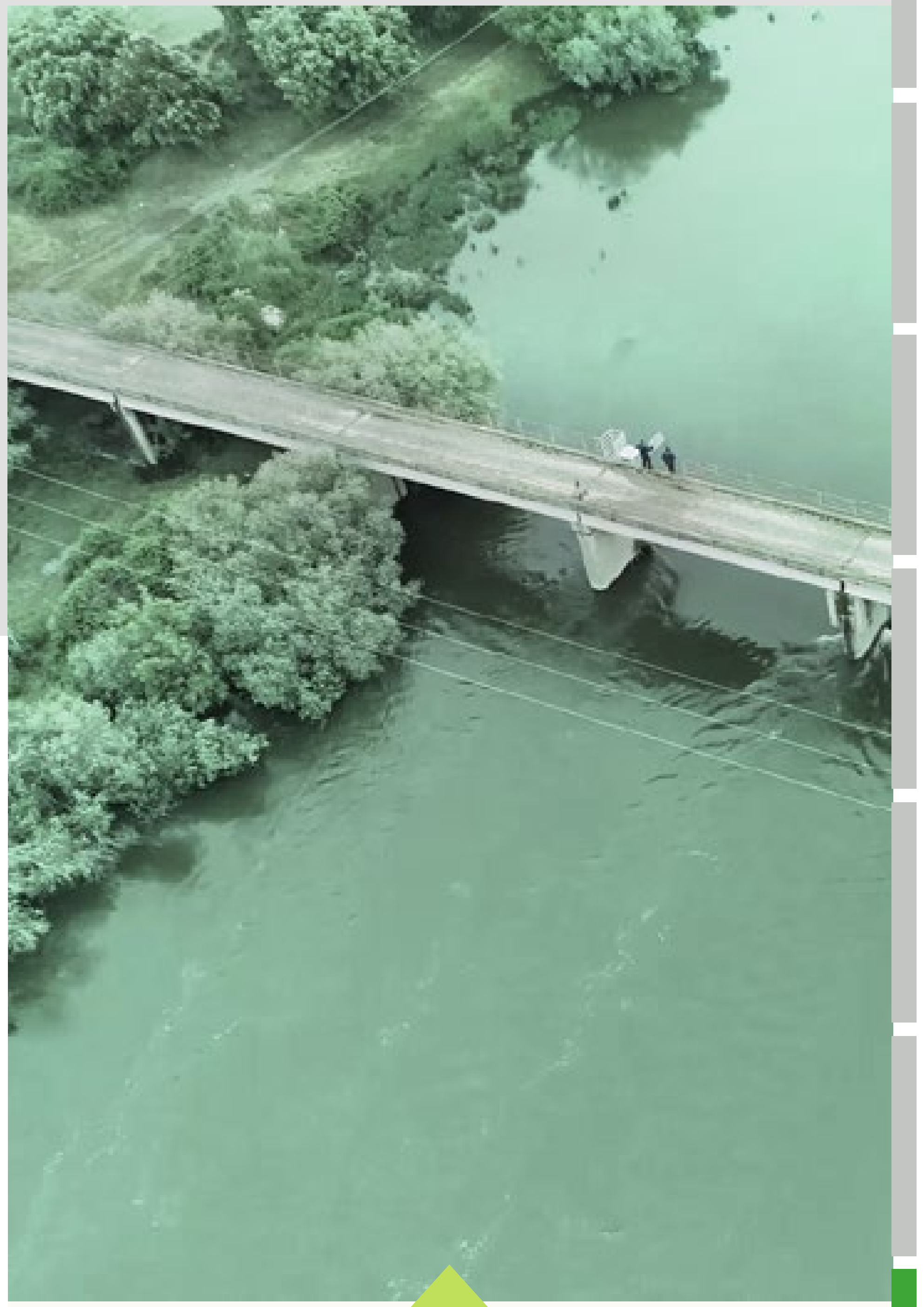
	2015	2016	2017	2018
Madrid	60.96	54.71	60.07	54.76
Juzbado	621.40	778.76	770.96	840.16
Saelices	27.97	30.37	33.05	32.15
Total	**710.33**	**863.84**	**864.08**	**927.07**

ENVIRONMENTAL EXPENSES AND INVESTMENTS

ENVIRONMENTAL EXPENSES AND INVESTMENTS (€)



5. Main Successes, Deficiencies, Risks and Opportunities



SUCCESSES:

- Reduction in consumption of natural resources.
- Minimization of radioactive waste generation and reduction of existing wastes in the Temporary Storage Facility.
- Minimization of urban waste generation.
- Actions in forests in the West-North West (W-NW) sector between the double fencing and the single fencing.
- Management improvements.
- Communication improvements.

DEFICIENCIES:

Delays in achieving some objectives:

- Decontamination of 4,000 kg of contaminated material.
- Shipment of 160 scheduled drums to El Cabril pursuant to the conditions agreed with ENRESA.

OPPORTUNITIES:

Achievement of the goals pending completion in the 2018 Environmental Management Program:

- Fine-tuning of the gamma spectrometer for declassification.
- Issuing the Test Plan for declassification.
- Renewal of EAC/CM-13 and 14.
- Shipment of packages of plastic bags to SFL for recycling.
- Assembly of the activity control system in effluents (isokinetic probes) of UO_2 area.
- Continuing with the actions defined in the specific actions to minimize consumption and waste generation.

RISKS:

In order to comply with the new ISO 14001:2015 standard, a procedure has been developed for the identification and implementation of actions to address risks identified as necessary to ensure the ENUSA quality management system and the environmental management system of the Juzbado Factory.

ENUSA also has a catalogue of environmental risks that includes all the identified risks and their actions suggested to address them. These are, for example, risks associated with incorrect waste segregation, incorrect waste classification, complaints from interested parties or non-compliance with legal requirements.

6. Objectives

2018	DEGREE OF COMPLETION
Juzbado: Minimisation of radioactive waste generation: the *"declassification of 4,000 kg of contaminated material"* will continue.	Partial
Juzbado: Actions to reduce consumption of natural resources: the project initiated as a goal for 2017 will be continued: *"Change of 3 standalone air conditioning units to renew the cooling equipment and achieve greater energy efficiency".*	Total
GTMA: Providing assurance of hot water supply to meet the needs of heating/cooling and hot sanitary water (ACS) from the Fuel Assembly Factory of ENUSA in Juzbado, reducing the emissions of greenhouse gases with respect to the previous system of fuel oil consumption.	Total
GTMA: Generating 1,000 MWhe of renewable energy from biogas from ENUSA's biodigestion plant in Juzbado for discharge into the distribution network.	Total
Emgrisa: Reducing paper consumption in the Madrid offices by 2%.	Total
Emgrisa: Reducing fuel consumption per ton managed for its Center in Merida by 1%.	Total
UTE: Carrying out an Olfactory Study in and around the Plant.	Total
UTE: Improving the environmental performance in water consumption.	Total

2019
Juzbado: Fine-tuning of the gamma spectrometer for declassification.
Juzbado: Issuing a Test Plan for declassification.
Juzbado: Renewal of EAC/CM-13 and 14.
Juzbado: Assembly of the activity control system in effluents (isokinetic probes) of UO_2 area.
Juzbado: Shipment of packages of plastic bags to SFL for recycling.
GTMA: Providing assurance of hot water supply to meet the needs of heating/cooling and hot sanitary water (ACS) from the Fuel Assembly Factory of ENUSA in Juzbado, reducing the emissions of greenhouse gases with respect to the previous system of fuel oil consumption.
GTMA: Generating 1,000 MWhe of renewable energy from biogas from ENUSA's biodigestion plant in Juzbado for discharge into the distribution network.
UTE: Preparing the Base Soil Report (IBS), a regulatory inspection of soils and groundwater to certify that there is no potential or actual pollution of both media.
UTE: Increasing the number of characterisations of the Plant's waste flows with the aim of improving management and thereby optimising resources and preserving the environment.

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418-1	1, 2, 3, 4, 5, 6, 10	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Substantiated complaints regarding customer privacy violations and loss of customer data	415

GRI Standards 2016 Edition	The Principles of the Global Compact	SDGs	Disclosure	Page Number/ Reference/ Direct Response
Material topic: GRI 419: Socioeconomic compliance				
103-1, 103-2, 103-3	1, 2, 3, 4, 5, 6, 10	1, 5, 8, 16	Management approach	19-22, 319-320, 342-345, 363-366
419-1	1, 2, 3, 4, 5, 6, 10	16	Non-compliance with laws and regulations in the social and economic area	415
ENVIRONMENTAL				
103-1, 103-2, 103-3 (1)	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	1, 5, 8, 12, 13, 14, 15, 16	Management approach	50-57, 342-345, 360-362, 363-366, 376, 377-385, 393-395
GRI 301: Materials (2)				
301-1	1, 2, 3, 4, 5, 6, 7, 8, 9	8, 12	Used Materials, by Weight or Volume	343, 374, 383
301-2	1, 2, 3, 4, 5, 6, 7, 8, 9	8, 12	Recycled input materials used	343, 383
301-3	1, 2, 3, 4, 5, 6, 7, 8, 9	8, 12	Reclaimed products and their packaging materials	343, 383
Material topic: GRI 302: Energy				
302-1	1, 2, 3, 4, 5, 6, 7, 8, 9	7, 8, 12, 13	Energy consumption within the organization	354-355, 374, 383, 389, 415
302-2	1, 2, 3, 4, 5, 6, 7, 8, 9	7, 8, 12, 13	Energy consumption outside of the organization	355

GRI Standards 2016 Edition	The Principles of the Global Compact	SDGs	Disclosure	Page Number/ Reference/ Direct Response
302-3	1, 2, 3, 4, 5, 6, 7, 8, 9	7, 8, 12, 13	Energy intensity	356
302-4	1, 2, 3, 4, 5, 6, 7, 8, 9	7, 8, 12, 13	Reduction of energy consumption	360-362
302-5	1, 2, 3, 4, 5, 6, 7, 8, 9	7, 8, 12, 13	Reductions in energy requirements of products and services	360
GRI 303: Water (2)				
303-1	1, 2, 7, 8, 9	6	Water withdrawal by source	390
303-2	1, 2, 7, 8, 9	6	Water sources significantly affected by withdrawal of water	In 2018, no water source has been significantly affected by water intake
303-3	1, 2, 3, 4, 5, 6, 7, 8, 9	6, 8, 12	Water recycled and reused	390
GRI 304: Biodiversity (2)				
304-1	1, 2, 7, 8, 9	6, 14, 15	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	357-359, 375
304-2	1, 2, 7, 8, 9	6, 14, 15	Significant impacts of activities, products, and services on biodiversity	342-344, 357-359, 375
304-3	1, 2, 7, 8, 9	6, 14, 15	Habitats protected or restored	357-359, 375
304-4	1, 2, 7, 8, 9	6, 14, 15	IUCN Red List species and national conservation list species with habitats in areas affected by operations	357-359, 375

GRI Standards 2016 Edition	The Principles of the Global Compact	SDGs	Disclosure	Page Number/ Reference/ Direct Response
GRI 305: Emissions (2)				
305-1	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	3, 12, 13, 14, 15	Direct (Scope 1) GHG emissions	356, 371, 383, 392
305-2	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	3, 12, 13, 14, 15	Energy indirect (Scope 2) GHG emissions	356, 371, 383, 392
305-3	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	3, 12, 13, 14, 15	Other indirect (Scope 3) GHG emissions	357, 371, 392
305-4	7, 8, 9	13, 14, 15	GHG emissions intensity	357
305-5	7, 8, 9	13, 14, 15	Reduction of GHG emissions	360, 387
305-6	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	3, 12, 13	Emissions of ozone-depleting substances (ODS)	356
305-7	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	3, 12, 13, 14, 15	Nitrogen oxides (NO_x), sulphur oxides (SO_x), and other significant air emissions	SO_2, NOx and CO emissions into the atmosphere from fuel oil boilers have disappeared due to the change in hot water supply from the biogas plant.

GRI Standards 2016 Edition	The Principles of the Global Compact	SDGs	Disclosure	Page Number/ Reference/ Direct Response
Material topic: GRI 306: Effluents and waste				
306-1	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	3, 6, 12, 14	Water discharge by quality and destination	345-346, 349-351, 375
306-2	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	3, 6, 12	Waste by type and disposal method	347, 352-354, 372, 391
306-3	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	3, 6, 12, 14, 15	Significant spills	415
306-4	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	3, 12	Transport of hazardous waste	415
306-5	1, 2, 7, 8, 9	6, 15	Water bodies affected by water discharges and/or runoff	415
Material topic: GRI 307: Environmental compliance				
307-1	1, 2, 3, 4, 5, 6, 10	16	Non-compliance with environmental laws and regulations	415

(1) The Environmental category includes a single management approach as it applies to all topics included in that category.
(2) Materials, water, biodiversity and emissions: non-material topics

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MATERIAL TOPICS NOT COVERED BY THE GRI STANDARDS

Material Topic	Disclosure	Page Number/ Reference/ Direct Response
ENUSA		
Intellectual Property / Technological development (added value) / Investment in Technological Development and Innovation	Percentage of the fuel sales allocated to R&D&I	307
Crisis Management / Management of lessons learned and corrective programs	Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations	415
Mechanisms to internally report integrity violations	Reporting channel	19-22
Operating experience management – Benchmarking – Excellence in operations (Vision and Mission)	Mission, vision and values	18
Balance between personal performance in relation to targets and wage raises, etc. (in this case ENUSA materiality)	Wage policy and productivity	275-279
Knowledge transfer	Partial retirement and replacement contracts	257
Contribution to the level of exports in Salamanca	% of Salamanca's total exports in relation with those of ENUSA	Nuclear fuel and uranium constitute the largest export in Salamanca, representing 22% of the province total exports, which makes ENUSA the main exporting company in the region. Nuclear fuel and uranium exports: 150 million EUR Salamanca Exports: 675.1 million EUR
Percentage of Permanent Labor Contracts	Percentage of staff according to contract type	264
Participation in comprehensive development projects of the immediate environment of the centers that have productive activity, with special attention to the municipalities where these centers are located.	Collaborations with local entities in the vicinity of the ENUSA Industrias Avanzadas fuel assembly factory in Juzbado.	324-327
Contribution of labor activity (employment) to the environment of the productive centers, with evaluation of the positive impact against depopulation of the affected rural areas.	Added value of ENUSA in Salamanca (€). Payroll & SS	322-323

Material Topic	Disclosure	Page Number/ Reference/ Direct Response
Participation in one-time projects (social, cultural, sports, etc.) that positively influence revitalization and improved quality of life for the people who live in the immediate environment of the productive centers, with special attention to the municipalities where these centers are located.	Collaborations with local entities in the vicinity of the ENUSA Industrias Avanzadas fuel assembly factory in Juzbado.	324-327
Evaluation of the implication with the aforesaid environment as regards the company's exterior image (environmental marketing, cultural promotion, etc.): degree of exploitation of the environment's local resources as support for achieving a positive image.	Content marketing	335
Implication/generation of environmental projects in the aforesaid environment on: landscape reclamation, biodiversity development/recovery, reclamation of degraded spaces (gravel pits, slagheaps, landfills, etc.).	Collaborations with local entities in the vicinity of the ENUSA Industrias Avanzadas fuel assembly factory in Juzbado.	324-325
ETSA		
Service quality and physical safety	Certifications	320-321

2. Clarifications to the GRI Indicator Table

GENERAL DISCLOSURES

Organizational profile

- **102-10** In the reporting period covered by this annual report, there have been no significant changes in the Group's size, structure, ownership or supply chain, except for UTE's entry into FOBESA VALORIZACIÓN DE RESIDUOS, which replaces AZAHAR ENVIRONMENT as a result of the purchase of its stake.

Ethics and integrity

- **102-17** No prevention of retaliation policy has been specifically approved beyond the declaration and commitment assumed by the companies in the Model and the Code of Conduct itself.

Governance

- **102-13** 102-13 Emgrisa is a member of ASEGRE (Asociación de Empresas Gestoras de Residuos y Recursos Especiales). ETSA is a member of EITA (European Isotopes Transport Association) and AESTRADIS (Asociación de Empresarios Salmantinos de Transportes Discrecionales).
- **102-19** The process of the highest governance body for delegating authority for economic, environmental and social topics is based on a structure of powers of attorney formally approved by this body, with the scope, restriction and limitations determined in each case.
- **102-20** There are in the Group executive positions or positions with responsibility for economic, environmental and social topics. The chairman of the highest governance body has executive powers in these topics and, under his direct responsibility, appoints positions also with responsibility for such topics, and these post holders report directly to the chairman, and indirectly through the chairman, to the highest governance body.
  On occasion, the post holders with responsibility for economic, environmental and social topics appointed by the chairman report directly to the highest governance body at the latter's request.
- **102-21** The highest governance body delegates the processes to consult the stakeholders regarding economic, environmental and social topics in the Executive Committee, which in turn appoints positions with responsibility for such topics.
- **102-27** To develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics, comprehensive reports of the most relevant events related to these topics are periodically drawn up. These comprehensive reports are submitted to the highest governance body, to which more detailed monographic presentations on specific economic, environmental and social topics are also given.
- **102-28** The highest governance body's performance is indirectly evaluated by the shareholders on occasion of the annual approval of the organization's accounts. In that same process, this report is also approved and, therefore, performance in matters of sustainability is also evaluated. The evaluation is independent of the evaluated body. There have been no changes in the organizational practices of the highest governance body. No actions have been taken in response to the evaluation of the highest governance body's performance with respect to aforementioned topics. There have been changes in the members of the highest governance body but for different reasons to the evaluation of their performance.
- **102-29, 102-30** The audit committee appointed by the highest governance body from among its members is entrusted with the functions of identifying and following up the impacts, risks and opportunities in the indicated areas, and of reporting on the application of due diligence processes and evaluating these processes and supervising their effectiveness. The audit committee subsequently reports to the highest governance body on the results of the discharge of these functions.
- **102-31** The audit committee reviews the economic, environmental and social impacts, risks, and opportunities on at least a six-monthly basis, and it subsequently reports the results obtained to the highest governance body. On a monthly basis, the executive president of the organization reports to the highest governance body on such impacts, risks and opportunities. On an annual basis, the highest governance body reviews these same impacts, risks and opportunities on occasion of approval of the organization's annual report, which includes the economic, environmental and social topics.
- **102-33** The executive president of the organization directly reports the concerns affecting the organization to the highest governance body on a monthly basis. On occasion of this monthly information, the executive president communicates the critical concerns, if any, to this body.

- **102-34** All concerns that were considered as critical were communicated to the highest governance body in connection with the direct information that the executive president of the organization reports to it on a monthly basis.
- **102-37** In 2018, the remunerations of the Group personnel have been determined according to the legislation that regulates emoluments in the public business sector, and therefore the views of the stakeholders are not applicable.

Reporting practice

- **102-45** According to the criteria adopted to prepare this annual report in keeping with GRI, not only the parent or dominant company (ENUSA Industrias Avanzadas, S.A., S.M.E.), but also the invested companies or subsidiaries have been included (Empresa para la Gestión de Residuos Industriales, S.A., S.M.E, M.P. (Emgrisa) and Express Truck S.A.U., S.M.E. (ETSA), whereas joint ventures have not been included.
- **102-49** Any significant changes with respect to prior periods in the list of material topics and topic coverage as a result of the inclusion in this report of the invested companies or subsidiaries are set forth in the section "Report Profile. Scope and Coverage".

TOPIC SPECIFIC STANDARDS

- **103-3** As a general rule, material topics are included in the performance assessments of those responsible for their management.
  In ENUSA, there is a Variable Collective Productivity Incentive linked to the following material topics: economic performance and occupational health and safety.

Economic

- **201-2** No financial implications resulting from climate change have been identified to date.
- **203-1** ENUSA Group currently has no expenditure or investment in infrastructures not related to its economic activities.
- **205-1** In the process of drawing up the Organizational, Management and Control Models for crime prevention, the risks related to corruption in all the work centers have been taken into account.
- **205-3** In 2018 no incidents of corruption have been identified.

Social

- **403-2** No fatalities have occurred due to accident at work or occupational disease.
- **403-4** In the period covered by this report, no agreements have been signed with trade unions regarding health and safety affairs, as this topic is covered by the committees created for this purpose.
- **404-2** In 2018, training hours corresponding to employee skills improvement programs amounted to 12,287.

- **405-2** No differences are established between men and women in terms of salary, as they are subject to a points per- factor assessment system for the job in order to ensure equal opportunities in hiring and pay.
- **406-1** No incidents of discrimination have been identified in 2018.
- **413-1** In 2013, with the collaboration of ENUSA, the General Foundation of the University of Salamanca published a study on the "Socioeconomic impact of ENUSA in Salamanca".
- **416-2** In 2018 there have been no identified incidents of non-compliance concerning the health and safety impacts of products and services.
- **418-1** In 2018, no complaints regarding customer privacy violations or any customer data leakage, theft or loss have been identified.
- **419-1** In 2018, no fines or non-monetary sanctions have been registered for non-compliance with laws and regulations in the social and economic area.

Environmental

- **302-1** 277.7 kWh equals 1 GJ.
- **306-3** No significant spills have been identified in 2018.
- **306-4** No international transports have been made of hazardous wastes, according to the classification of the Basel Convention, Annexes I, II, III and VIII.
- **306-5** During 2018, no water body or habitat has been affected by discharges of water or runoff.
- **307-1** In 2018 ENUSA has not been burdened by any fine or non-monetary sanction for non-compliance with environmental laws and regulations.

3. Content Index for Law 11/2018,
of 28 December, on Non-Financial Information and Diversity

Contents of Law 11/2018, Of 28 December, on Non-Financial Information and Diversity	Page Number/ Reference/ Direct Response
I. Information on environmental issues:	
Detailed information on current and foreseeable effects of the company's activities on the environment and, if applicable, on health and safety; environmental assessment or certification procedures; resources allocated to environmental risk prevention; application of the precautionary principle; amount of dispositions and guarantees for environmental risks.	342-395; 320-321, 342-344, 378, 380; 342-344, 378, 380; 342-344, 363-366, 378, 380; 229, 382
– Pollution: measures to prevent, reduce or repair carbon emissions that seriously affect the environment, taking into account any form of air pollution specific to an activity, including noise and light pollution.	354, 356-357, 360-362, 371, 378, 380-382, 383, 392, 419
– Circular economy and waste prevention and management: measures for waste prevention, recycling, reuse and other forms of recovery and disposal; actions to tackle food waste.	347, 352-354, 362, 372, 378, 381, 383, 387, 391, 419; 419
– Sustainable use of resources: water consumption and water supply according to local constraints; consumption of raw materials and measures taken to improve the efficiency of their use; direct and indirect consumption of energy, measures taken to improve energy efficiency and the use of renewable energies.	390, 407; 343, 374, 383; 354-356, 360, 374, 383, 389, 415
– Climate change: significant elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services produced by it; measures taken to adapt to the consequences of climate change; voluntarily set medium- and long-term reduction targets for reducing greenhouse gas emissions and the means implemented to that end.	356-357, 371, 379, 379-382, 383, 392; 386, 414; 360-362, 382
– Protection of biodiversity: measures taken to preserve or restore biodiversity; impacts caused by activities or operations in protected areas.	357-359, 375; 342-344, 363-366

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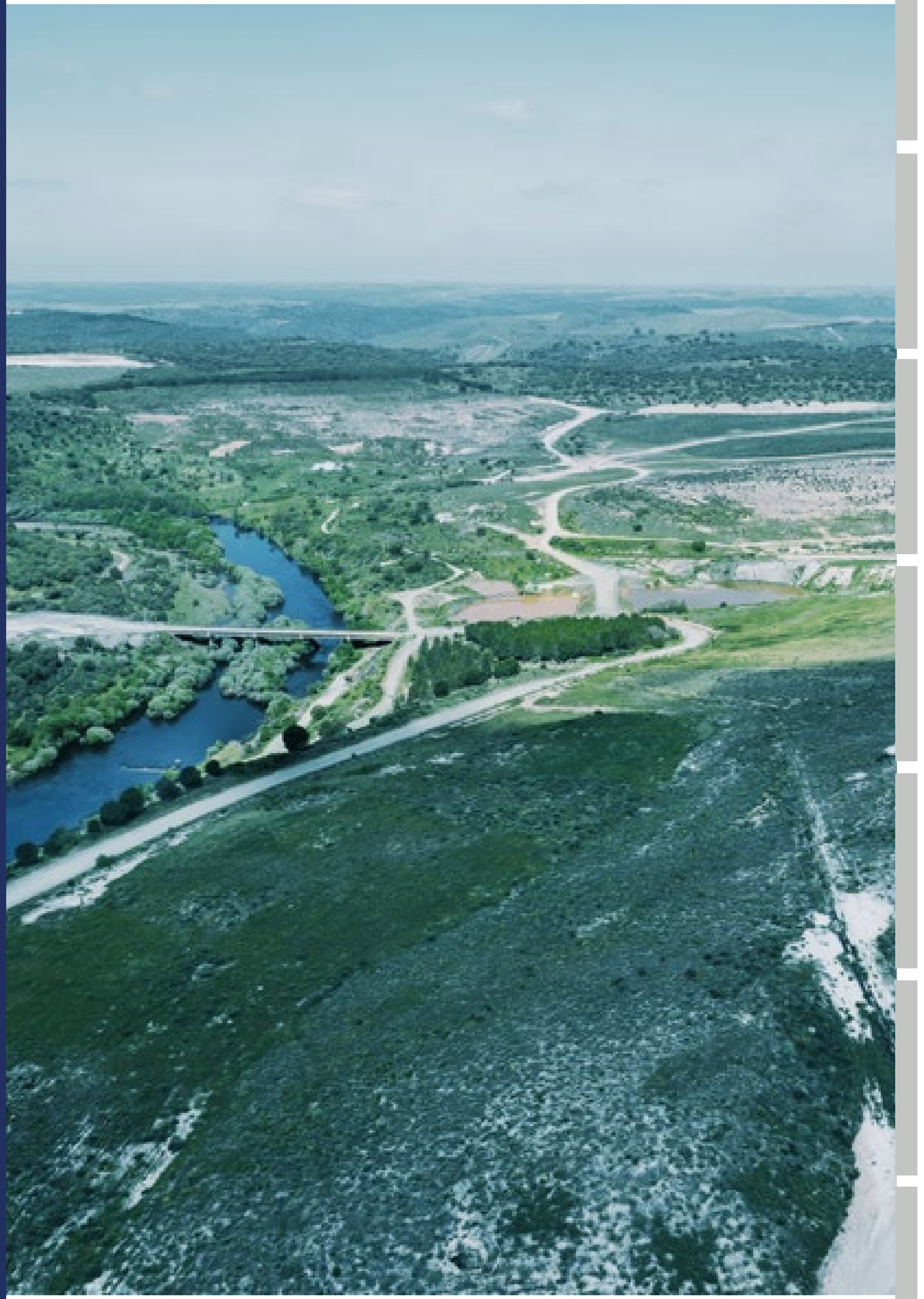
Contents of Law 11/2018, Of 28 December, on Non-Financial Information and Diversity	Page Number/ Reference/ Direct Response
II. Information on social and personnel issues:	
– Employment: total number and distribution of employees by sex, age, country and job classification; total number and distribution of employment contract types; annual average of permanent contracts, temporary contracts and part-time contracts by sex, age and job classification; number of dismissals by sex, age and job classification; average remuneration and its evolution broken down by sex, age and job classification or equal value; salary gap; remuneration of identical or average positions in the company; average remuneration of directors and executives, including variable remuneration, per diems, compensations, payment to long-term savings pension systems and any other income broken down by sex; implementation of policies to ensure the right to disconnect during non-work hours; employees with disabilities.	259-263; 264-265; 265-266; 420; 276-277; 278-279; 275; 420; 420; 269
– Work organisation: work time management; number of hours lost to absenteeism; measures aimed at facilitating work-life balance and encouraging co-responsible involvement by both parents.	280; 420; 279-281
– Health and safety: health and safety conditions at work; work-related accidents, in particular their frequency and severity, as well as occupational diseases, broken down by sex.	287-289, 293-294; 295-296
– Social relations: social dialogue organisation, including procedures for informing, consulting and negotiating with staff; percentage of employees covered by collective agreements by country; balance of collective agreements, particularly in the occupational health and safety field.	274; 274; 420
– Training: policies implemented in the training field; total number of training hours per professional category.	282-283, 286; 285
– Universal accessibility for persons with disabilities.	270-272
– Gender equality: measures taken to promote equal treatment and opportunities between women and men; gender equality plans (Chapter III of Organic Law 3/2007, of 22 March, for the effective equality of women and men); measures taken to promote employment; protocols against sexual and sex-based harassment; integration and universal accessibility for persons with disabilities; policy against all types of discrimination and, where appropriate, diversity management policy.	272-273; 272-273; 279-281; 272-273; 269-272; 269-272, 272-273; 275-279, 415

Contents of Law 11/2018, Of 28 December, on Non-Financial Information and Diversity	Page Number/ Reference/ Direct Response
III. Information on respect for human rights:	
Application of human rights due diligence procedures; prevention of risks of human rights violations and, where appropriate, measures to mitigate, manage and redress possible abuses; complaints of human rights violations; promotion of and compliance with the provisions of the core International Labour Organization conventions relating to respect for freedom of association and the right to collective bargaining; elimination of discrimination in employment and occupation; elimination of forced or compulsory labour; effective abolition of child labour.	316; 19-24, 316; 420; 274; 275-279; 420; 420
IV. Information relating to the fight against corruption and bribery:	
Measures taken to prevent corruption and bribery; measures to combat money laundering; contributions to non-profit foundations and entities.	19-22; 19-22, 420; 323, 324-325
V. Information on the company:	
– The company's commitment to sustainable development: impact of the company's activity on local employment and development; impact of the company's activity on local populations and area; relations with local community actors and forms of dialogue with them; partnership or sponsorship actions.	322-323; 322-333; 36, 324-333, 335; 324-333
– Subcontracting and suppliers: inclusion of social, gender equality and environmental issues in the procurement policy; consideration of suppliers' and subcontractors' social and environmental responsibility in the relations with them; monitoring and audit systems and their results.	316, 421; 316; 316, 317
– Consumers: measures for consumers' health and safety; complaint systems, complaints received and their resolution.	319-320; 308-309, 421
– Tax information: profits obtained by country; taxes on profits paid and public subsidies received.	421; 421; 233-234

4. Clarifications to the Law 11/2018
Indicator Table



INFORMATION ON ENVIRONMENTAL ISSUES

- Light pollution: With a view to minimising light pollution and with a primary energy efficiency objective in mind, outdoor luminaires on roads, sidewalks and double fences have been replaced by more efficient options. The type of luminaire chosen is essential for the criterion of minimising light pollution, since the escaping, polluting light flux is eliminated simply by selecting an asymmetrical projector.
- Circular economy: in 2018, the Juzbado factory offers an example of circular economy, having achieved the environmental goal of returning materials to the supplier. More specifically, the goal contemplated obtaining treatment forms for tube separator waste.
- Actions to combat food waste: At the time of writing this report, the ENUSA Group has not taken any action to combat food waste.

INFORMATION ON SOCIAL AND PERSONNEL ISSUES

- There were no dismissals in the ENUSA Group during 2018.
- With effect from 1 January 2018, the per diem amount for attending the ENUSA Board of Directors meetings is fixed at a gross monthly sum of 825 EUR, for up to eleven annual meetings, for a total gross sum of 9,075 EUR. There was no difference in the amount to be received by male versus female Directors.
- In 2018, Executive Committee remunerations, including short-term remuneration, loans, advance payments and guarantees, amounted to 1,129 thousand EUR, 87% of which corresponded to men and 13% to women.
- At the time of writing this report, no policies to ensure the right to disconnect during non-work hours have been implemented in the ENUSA Group.
- Absenteeism: In 2018, ENUSA's cumulative absenteeism rate amounted to 4.29%.
- The balance of collective agreements, particularly in the occupational health and safety field: each of ENUSA's work centres collective agreements includes a chapter dedicated to health and safety.

INFORMATION ON RESPECT FOR HUMAN RIGHTS

- No human rights violations were reported in 2018.
- Child exploitation and forced labour are explicitly prohibited by the Code of Conduct, and given the characteristics of the company's activity, are not considered risk factors.

INFORMATION RELATING TO THE FIGHT AGAINST CORRUPTION AND BRIBERY

- Measures to combat money laundering: Even though ENUSA is not legally bound according to Law 10/2010, of 28 April, on prevention of money laundering and terrorism financing, the Code of Conduct establishes that the Code addressees shall refrain from promoting, facilitating, participating in or concealing any type of money laundering operation, and shall in any case report any money laundering operation of which they are aware to their immediate superior or to the Compliance Officer. Moreover, the Crime Prevention Model includes specific controls aimed at preventing economic crime in general.

INFORMATION ON THE COMPANY

- Inclusion of social, gender equality and environmental issues in the procurement policy: As described in the "Quality in Suppliers" section, supplier assessment in the subsidiaries covers environmental management issues, although it does not cover social or gender equality issues.
- Complaint systems, complaints received and their resolution:

  Emgrisa has documented processes for the management of claims or complaints, not having received, in 2018, any complaint or claim regarding the conduct of its business.

  ETSA has internal procedures to measure or determine its customers' degree of satisfaction with regard to the degree of compliance with the requirements of the service provided by ETSA. Customer assessments of ETSA's activity in the past year were fully satisfactory and, furthermore, no customers submitted any complaints regarding the general conduct of its business in 2018. However, five Nonconformities relating to specific developments in operations were opened, which do not affect overall quality and which, once resolved, have not resulted in additional measures and have maintained a high degree of satisfaction with the services.

- Benefits obtained by country: In 2018, ENUSA Group's Pre-tax Profit or Loss amounted to € 4,351,801.19, with the following breakdown by country:

  Spain: €4,359,096.19
  Peru: €-3,711
  Chile: €-3,584

- Income Tax paid: In 2018, corporate income tax payments in the ENUSA Group amounted to € 2,922,547.86.

5. Basis for Calculation of the Indicators

The economic dimension indicators have been prepared in accordance with the accounting principles provided in Royal Degree 1159/2010 of 17 September.

The recommendations set forth by GRI and Law 11/2018, of 28 December, have been followed to prepare the indicators about social and environmental aspects.

With regard to the rates of absenteeism, accidents and occupational diseases, and frequency, seriousness and incidence indexes, the formulas used to calculate them are included next to the tables where the outcomes of these indexes are shown.

All indicators follow the same method of calculation as in previous reports, except those related to the indirect emissions of CO_2. Until 2009, the conversion factor used for the calculation of indirect emissions, i.e. those derived from electricity consumption, was 0.14. To make it more accurate indicator, since 2010 the same calculation for Juzbado takes place through the weighted average contribution of the different electric power sources and the Conversion Factors to Primary Energy (PE) and the CO_2 Emission Factor for Fuels, Thermal Uses and Electricity (IDEA). Therefore, for comparison with previous years, it is necessary to take into account the following conversion factors:

Year	Conversion Factor ($t\ CO_2/MWh$)
2015	0.2994
2016	0.255
2017	0.302
2018	0.28

External Assurance Report

AENOR

Declaration of AENOR Verification for Enusa Industrial Avanzadas, S.A., S.M.E.

in relation with the statement of consolidated non-financial information in accordance with Law 11/2018 corresponding to the financial year ending 31 December 2018.

FILE: 1994/0272/GEN/03

Enusa Industrias Avanzadas, S.A., S.M.E. and subsidiary companies (hereafter the company) has entrusted AENOR to carry out verification with a limited degree of assurance on its statement of consolidated non-financial information (hereafter EINF), in accordance with Law 11/2018 modifying the Commercial Code, the revised text of the Corporation Act approved by Legislative Royal Decree 1/2010, of 2 July, and Law 22/2015, of 20 July, on Account Auditing for non-financial and diversity information (hereafter, Law 11/2018), for the period of verification of its activities, business year ended 31 December 2018, including in the EINF, STATEMENT OF CONSOLIDATED NON-FINANCIAL INFORMATION 2018 of the ENUSA Group dated 28 February 2019, which forms part of this Declaration.

AENOR, in accordance with the aforesaid Law, has carried out the following verification as an independent provider of verification services.

AENOR has carried out this verification under the principles of integrity, independence, ethics, objectivity, professional competence and diligence, confidentiality and professional behaviour demanded based on the accreditation that it has within the general applicable scope of Standards ISO/IEC 17021-1:2015 and ISO 14065, and specific ones, such as the Accreditation granted by the United Nations Framework Convention on Climate Change (UNFCCC) for verification and validation of Clean Development Mechanisms (CDM).

AENOR, as required under the aforementioned Law, declares that it has not taken part in previous processes of EINF verification.

AENOR

Details of the parent company: Enusa Industrias Avanzadas, S.A., S.M.E.

with business address at: C/ Santiago Rusiñol, 12 – 28040 Madrid

Organization representatives to the effect of the statement of consolidated non-financial information: Ms. Rosario Arévalo Sánchez in her role of Director of Internal Audits, Compliance and CSR.

Enusa Industrias Avanzadas, S.A., S.M.E. and subsidiaries were responsible for reporting the statement of consolidated non-financial information in accordance with Law 11/2018. The formulation and content of the EINF is the responsibility of the Directors of Enusa Industrias Avanzadas, S.A., S.M.E. This responsibility also includes the design, implementation and maintenance of the internal controls necessary to ensure that the EINF is free from material inaccuracies due to fraud or error, and the management systems from which the information needed to prepare the EINF is taken.

Objective

The objective of the verification is to offer all interested parties a professional, independent opinion on the information and details contained in the statement of consolidated non-financial information mentioned, prepared in accordance with Law 11/2018.

Scope of the Verification

STATEMENT OF CONSOLIDATED NON-FINANCIAL INFORMATION 2018 of the ENUSA Group including ENUSA INDUSTRIAS AVANZADAS, S.A., S.M.E., as parent company, and dependent subsidiaries included in the consolidated statements and listed below:

EMPRESA PARA LA GESTIÓN DE RESIDUOS INDUSTRIALES, S.A., S.M.E., M.P. (EMGRISA)

EXPRESS TRUCK S.A.U., S.M.E. (ETSA)

AENOR

Materiality

The verification agreed to consider any omissions, distortions or errors that may be assessed and which result in a difference of more than 5% of the declared total as material discrepancies.

Criteria

The criteria and information taken into account as a reference for the verification were:

1) Law 11/2018, of 28 December, modifying the Commercial Code, the revised text of the Companies Act approved by Legislative Royal Decree 1/2010, of 2 July, and Law 22/2015, of 20 July, on Account Auditing, on the subject of non-financial information and diversity.

2) Standard ISAE 3000 (revised), in relation with diverse assurance engagements or the review of historical financial information

3) The criteria established by the global initiative for presenting sustainability reports to GRI standards when the organization has opted for this recognised international framework for disclosing information related with corporate social responsibility.

AENOR is expressly excused from any responsibility for investment decisions or any other type, based on the present declaration.

Verification process carried out

During the verification process carried out, under a limited level of assurance, AENOR interviewed the personnel responsible for compiling and preparing the statement of non-financial information and reviewed evidence about:

- Activities, products and services provided by the organization
- Consistency and traceability of the information provided, including the process of collection used, sampling information about the reported
- Completion and content of the consolidated non-financial information statement for the purpose of assuring the integrity, precision and truthfulness of its content.

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Conclusion

Based on the above, in our opinion, there is no evidence to suggest that the statement of consolidated non-financial information referred to as the STATEMENT OF CONSOLIDATED NON-FINANCIAL INFORMATION 2018 of the ENUSA Group dated 28 February 2019, and for the financial year ending 31 December 2018, does not provide true information about the work of Enusa Industrias Avanzadas, S.A., S.M.E. and subsidiaries in relation with environmental and social issues, related with personnel, including equality management, non-discrimination and universal access, human rights, the fight against corruption, bribery and for diversity, in accordance with Law 11/2018.

Madrid on 11 March 2019

Rafael GARCÍA MEIRO
Director General of AENOR

AENOR

Declaración de Verificación de AENOR para Enusa Industrias Avanzadas, S.A., S.M.E.

relativa al estado de información no financiera consolidado conforme a la Ley 11/2018 correspondiente al ejercicio anual finalizado el 31 de diciembre 2018

EXPEDIENTE: 1994/0272/GEN/03

Enusa Industrias Avanzadas, S.A., S.M.E. y sociedades dependientes (en adelante la compañía) ha encargado a AENOR llevar a cabo una verificación bajo un nivel de aseguramiento limitado del estado de información no financiera consolidado (en adelante EINF), conforme a la Ley 11/2018 por la que se modifica el Código de Comercio, el texto refundido de la Ley de Sociedades de Capital aprobado por el Real Decreto Legislativo 1/2010, de 2 de julio, y la Ley 22/2015, de 20 de julio, de Auditoría de Cuentas, en materia de información no financiera y diversidad (en adelante, la Ley 11/2018), para el periodo de verificación de sus actividades, ejercicio anual finalizado el 31 de diciembre de 2018, incluidas en el EINF, ESTADO DE INFORMACIÓN NO FINANCIERA CONSOLIDADO 2018 del Grupo ENUSA de fecha 28 de febrero de 2019, el cual es parte de esta Declaración.

AENOR, de conformidad a la citada Ley, ha realizado la presente verificación al ser un prestador independiente de servicios de verificación.

En este sentido, AENOR ha realizado la presente verificación bajo los principios de integridad, independencia, ética, objetividad, competencia y diligencia profesional, confidencialidad y comportamiento profesional que se exigen en base a las acreditaciones que dispone, dentro de los ámbitos de aplicación generales de las Normas ISO/IEC 17021-1:2015 e ISO 14065, y particulares, como la Acreditación otorgada por la Convención de Naciones Unidas para el Cambio Climático (UNFCCC) para verificación y validación de proyectos de Mecanismos de Desarrollo Limpio (MDL).

AENOR, tal y como requiere la citada Ley, declara que no ha participado en procesos anteriores a la verificación del EINF.

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Datos de la sociedad cabecera: Enusa Industrias Avanzadas, S.A., S.M.E.

con domicilio social en: C/ Santiago Rusiñol, 12 – 28040 Madrid

Representantes de la Organización a efectos de estado de la informacion no financiera consolidado: Dña. Rosario Arévalo Sánchez en cargo de Directora de Auditoría Interna, Cumplimiento y RSC.

Enusa Industrias Avanzadas, S.A., S.M.E. y sociedades dependientes tuvo la responsabilidad de reportar su estado de información no financiera consolidado conforme a la Ley 11/2018. La formulacion del EINF así como el contenido del mismo, es responsabilidad de los Administradores de Enusa Industrias Avanzadas, S.A., S.M.E. Esta responsabilidad incluye asimismo el diseño, la implantación y el mantenimiento del control interno que se considere necesario para permitir que el EINF este libre de incorrección material, debida a fraude o error, asi como los sistemas de gestion de los que se obtiene la informacion necesaria para la preparacion del EINF.

Objetivo

El objetivo de la verificación es facilitar a las partes interesadas un juicio profesional e independiente acerca de la información y datos contenidos en el estado de información no financiera consolidado de la organización mencionado, elaborado de conformidad con la Ley 11/2018.

Alcance de la Verificación

ESTADO DE INFORMACIÓN NO FINANCIERA CONSOLIDADO 2018 del Grupo ENUSA incluyendo a ENUSA INDUSTRIAS AVANZADAS, S.A., S.M.E., como cabecera de grupo, y sociedades dependientes incluidos en los estados consolidades y relacionadas a continuacion:

EMPRESA PARA LA GESTIÓN DE RESIDUOS INDUSTRIALES, S.A., S.M.E., M.P. (EMGRISA)
EXPRESS TRUCK, S.A.U., S.M.E. (ETSA)

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Materialidad

Para la verificación se acordó considerar discrepancias materiales aquellas omisiones, distorsiones o errores que puedan ser cuantificados y resulten en una diferencia mayor al 5% con respecto al total declarado.

Criterios

Los criterios e información que se han tenido en cuenta como referencia para realizar la verificación han sido:

1) La ley 11/2018 de 28 de diciembre, por la que se modifica el Código de Comercio, el texto refundido de la Ley de Sociedades de Capital aprobado por el Real Decreto Legislativo 1/2010, de 2 de julio, y la Ley 22/2015, de 20 de julio, de Auditoría de Cuentas, en materia de información no financiera y diversidad.

2) Norma ISAE 3000 (revisada), relativa a encargos de aseguramientos distintos o de la revisión de la información financiera histórica

3) Los criterios establecidos por la iniciativa mundial de presentacion de informes de sostenibilidad en los standares GRI cuando la organización haya optado por este marco internacional reconocido para la divulgacion de la informacion relacionada con su responsabilidad social corporativa.

AENOR se exime expresamente de cualquier responsabilidad por decisiones, de inversión o de otro tipo, basadas en la presente declaración.

Proceso de verificacion realizado

Durante el proceso de verificación realizado, bajo un nivel de aseguramiento limitado, AENOR realizó entrevistas con el personal encargado de recopilar y preparar el estado de informacion no financiera y revisó evidencias relativas a:

- Actividades, productos y servicios prestados por la organización
- Consistencia y trazabilidad de la informacion aportada, incluyendo el proceso seguido de recopilacion de la misma, muestreando información sobre la reportada
- Cumplimentacion y contenido del estado de informacion no financiero consolidado con el fin de asegurar la integridad, exactitud y veracidad en su contenido

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Conclusión

Basado en lo anterior, en nuestra opinión, no hay evidencia que haga suponer que el estado de información no financiera consolidado denominado ESTADO DE INFORMACIÓN NO FINANCIERA CONSOLIDADO 2018 del Grupo ENUSA de fecha 28 de febrero de 2019, y para el ejercicio anual finalizado el 31 de diciembre de 2018, no proporcione información fiel del desempeño de Enusa Industrias Avanzadas, S.A., S.M.E. y sociedades dependientes en lo relativo a cuestiones ambientales, sociales y relativas al personal, incluida la gestión de la igualdad, la no discriminación y la accesibilidad universal, los derechos humanos, lucha contra la corrupción y el soborno y la diversidad, conforme a la Ley 11/2018.

En Madrid a 11 de marzo de 2019

Rafael GARCÍA MEIRO
Director General de AENOR

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