



**WE ARE**

# COOPERATION

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ANNUAL REPORT 2019

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## COMMON PROGRESS

Men and women who join their efforts to make a better, different, inclusive, responsible, equitable and caring future. **Sustainable.** Socially, economically, and environmentally.

MONDRAGON is articulated around four business areas: Finance, Industry, Distribution, and Knowledge. It is a cooperative identity reality, which strives to care for its people, competes in the global market, and pursues common progress.



**HUMANITY AT WORK**

# BASIC DATA

## BUSINESS DEVELOPMENT

|  | 2018   | 2019   | % Variation |
|--|--------|--------|-------------|
| Total revenue                            | 12.215 | 12.229 | 0,1         |
| Total sales<br>(Industry + Distribution) | 11.581 | 11.608 | 0,2         |
| Investments                              | 420    | 507    | 20,7        |
| EBITDA                                   | 1.037  | 1.253  | 20,8        |
| LABORAL Kutxa<br>Intermediate Resources  | 21.841 | 23.590 | 8           |
| LagunAro Equity Fund                     | 6.169  | 6.752  | 9,5         |

## EMPLOYMENT

|   | 2018   | 2019   | % Variation |
|---|--------|--------|-------------|
| Average jobs  | 81.940 | 81.507 | -0,5        |
| Percentage of members over<br>the cooperative workforce in<br>the Industry Area | 73,6   | 73,9   | 0,4         |
| Percentage of female members<br>in the cooperative workforce                    | 42,8   | 42,4   | -0,9        |
| Incidence or loss ratio<br>Industry Area  | 34,7   | 39,7   | 14,5        |

## PARTICIPATION

|  | 2018  | 2019  | % Variation |
|--|-------|-------|-------------|
| Capital stock of the working<br>members            | 1.795 | 1.825 | 1,7         |
| Number of working partners<br>in government bodies | 835   | 823   | -1,4        |

\*In millions of euro

# BASIC DATA

## SOLIDARITY

|  | 2018   | 2019   | % Variation |
|--|--------|--------|-------------|
| Resources intended for social content activities | 28     | 26,9   | -3,9        |
| Number of students in educational centres        | 11.248 | 11.820 | 5,1         |

## ENVIRONMENTAL MANAGEMENT

|  | 2018 | 2019 | % Variation |
|--|------|------|-------------|
| Number of current ISO 14000 certifications | 75   | 75   | 0           |
| Number of eco-design certifications        | 4    | 4    | 0           |

## BET ON THE FUTURE

|  | 2018  | 2019  | % Variation |
|--|-------|-------|-------------|
| Percentage of resources allocated to R&D over added value in the Industry Area | 8,9   | 9,1   | 2,2         |
| Number of Technology Centres and R&D Units                                     | 15    | 14    | -6,7        |
| Total number of researchers  | 2.018 | 2.189 | 8,5         |

\*In millions of euro

# CURRENT CERTIFICATIONS

## QUALITY

More than 90% of MONDRAGON sales with a certified quality management system.

### INDUSTRY AREA

- 137** ISO 9001 certifications
- 35** IATF (automotive industry) certifications
- 3** UNE-EN 9100 (aerospace) certifications

## ENVIRONMENT

75% sales with an environmental management system.

### INDUSTRY AREA

- 75** ISO 14001 certifications
- 4** ISO 14006 certifications
- 2** ISO 50001 certifications

## SECURITY AND HEALTH

55% of workers with a certified occupational health and safety management system.

### INDUSTRY AREA

- 45** ISO 45001 certifications
- 2** Healthy Company certifications
- 1** EFR certification

## BASQUE LANGUAGE

- 50** Bikain Basque language certifications

# MESSAGE FROM THE PRESIDENT

## COMPETITIVENESS AND COOPERATION

The year 2019 was positive for the group of cooperatives integrated in MONDRAGON: We improved in terms of sales since the previous year, generated employment, and gave a new boost to business sustainability.

In the Industry area, for the first time, we exceeded €6,000 million in sales, improved profitability, created 409 new jobs, and invested €381 million.

In the Finance area, despite the adverse conditions for the industry, our two parent entities, Laboral Kutxa and LagunAro EPSV, have evolved satisfactorily.

In Distribution, Eroski closed the year of its 50th anniversary with a refinancing agreement, a significant percentage of renewal of its network of shops, and good operating profit, significantly exceeding that of the previous year.

Finally, the Knowledge area gave a new boost to business competitiveness and contributed to the transformation of the business fabric of the Corporation.

***“This year we have carried out an update of our Social and Business Policy for the 2021/2024 cycle, with the challenge of improving our position to gain competitiveness, cooperation and flexibility in light of disruptive changes.”***



Nevertheless, this positive evolution in 2019 was affected in a major way by the coronavirus, in a kind of unexpected turn that “changes the questions when we already had the answers.” Therefore, in all our businesses, adjustment and cost containment measures were immediately activated.

Finally, it should be noted that, this year, we carried out an update of our Social and Business Policy for the 2021/2024 cycle, with the challenge of “improving our position to gain competitiveness, cooperation and flexibility in light of disruptive changes”. In short, this challenge brings us closer to what we wish MONDRAGON to be: a cooperative socioeconomic reality, with committed people, and with profitable, competitive and entrepreneurial companies in a global context, recognised for its human dimension, its social impact, and the efficiency of its businesses.

## PERMANENT COMMITTEE

### PRESIDENT

Javier Goienetxea. *Distribution*

### VICE PRESIDENT

Jone Urzelai. *Construction*

### SECRETARY

Ametz Ugalde. *Corporate Centre*

### VOTING MEMBERS

Alustiza, José Antonio (Financial)

Amezaga, Javier (Distribution)

Arriola, Cesar (Machine Tool-Danobat Group)

Aspe, Aitor (Automotive CHP)

Bilbao, Ander (Tooling and Systems)

Diaz de Gereñu, Lander (Ulma Group)

Egibar, Xabier (Finance)

Etxegoien, Cristina (Components)

Gabilondo, Ruben (Equipment)

Arregi, Unai (Ulma Group)

Irure, Aitor (Industrial Automation)

Kortabitarte, Koldo (Automotive CM)

Larrea, Mikel (Distribution)

Lejarzegi, Aitor (Engineering and Services)

Lekuona, Axier (Components)

Lizarazu, Oier (Elevation)

Martinez, Juan José (Automotive CHP)

Mugerza, Leire (Distribution)

Sarrionandia, M<sup>a</sup> Asun (Knowledge)



## GENERAL COUNCIL

### PRESIDENT

Iñigo Ucin

### VICE PRESIDENTS

Txomin García. *Finance*

Agustín Markaide. *Distribution*

Iñaki Gabilondo. *Ulma Group*

Xabier Mutuberria. *Elevation*

Javier Oleaga. *Components*

Juan Mari Palencia. *Automotive CHP*

Pello Rodríguez. *Machine Tool Division*

Belén Kortabarria. *Financial Management Director*

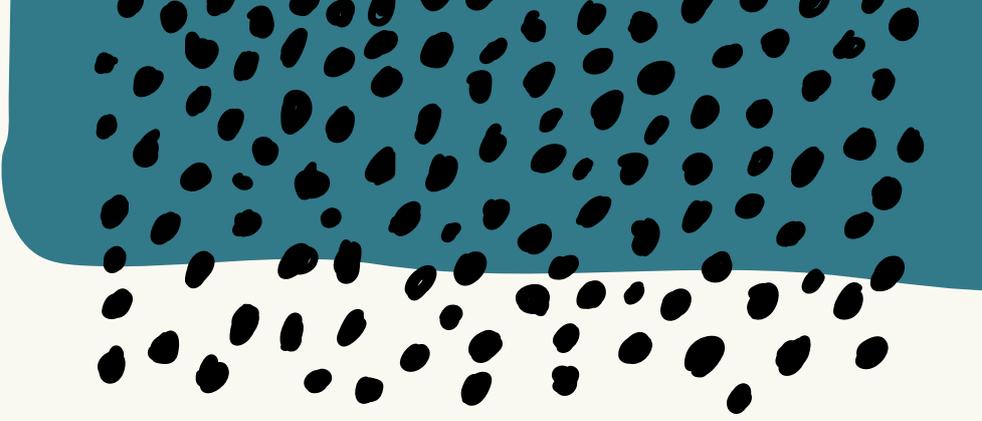
Zigor Ezpeleta. *Social Management Director*

Ametz Ugalde. *Secretary*





THE FISCAL YEAR 2019 FOR FINANCIAL INSTITUTIONS MAINTAINED MANY OF THE KEYS OF 2018. THE INTEREST RATE CURVE LINKED TO THE EURIBOR HAS CONTINUED WITHOUT GOING BACK TO ITS DEPRESSION LEVELS, AND THIS HAS BEEN COUPLED WITH A CERTAIN SLOWDOWN IN THE ECONOMIC CYCLE, PARTICULARLY IN THE LAST SECTION OF THE YEAR.



THE INCOME STATEMENT OF THE CREDIT COOPERATIVE REFLECTS A CONSOLIDATED PROFIT AFTER TAXES OF €137.7 MILLION, WHICH INCREASES BY 3% THE RESULTS OF THE PREVIOUS YEAR.

LABORAL KUTXA'S SOLVENCY LEVEL IS RANKED AMONG THE LEADERS IN THIS COMPETENCY.

THE RESULTS OF THE INSURANCE BUSINESS INCREASED TO €39.5 MILLION IN 2019.

THE NUMBER OF DIGITAL CUSTOMERS INCREASED BY 9% IN 2019 WHILST MOBILE CONTINUES TO BE THE DRIVING FORCE OF THIS GROWTH.

LAGUNARO EPSV: THE EQUITY FUND MAINTAINED FOR THE PENSION COVERAGE ROSE TO €6.752 MILLION.



## LABORAL KUTXA

Despite everything, LABORAL Kutxa has managed to exceed the results of the previous year. The credit union's income statement reflects a consolidated profit after tax of €137.7 million, increasing the results of the previous year by 3%. The return on equity (ROE) reached 7.85%.



### MANAGED RESOURCES

The total amount of resources managed at the end of 2019 increased by 8.1%, totalling €23,590 million. Customer deposits – channelled through demand accounts, savings accounts, and term deposits – increased by 7.9%.

During the year, a trend towards savings diversification was observed by LABORAL Kutxa's customers, accompanied by intense advisory work by the entity's specialist managers.

Consequently, non-balance sheet resources managed by the entity had a highly favourable performance. Investment funds grew by 11.9%, 4.5 points above the sector (Inverco). Regarding benefit plans and pensions, contributions grew by 6%, whilst the total number of clients who make contributions increased by 8%.

### CREDIT INVESTMENT

The fiscal year 2019 was a turning point regarding the volume of credit investments. The commercial dynamism of the LABORAL Kutxa sales force has ensured that the loans and credits contracted during the year offset the still significant amount dedicated to amortisations.

Thus, the total credit investment balance stood at €13,826 million at the end of December, 4.8% higher than the balance reported in December 2018. The figure contrasts positively with the banking sector, whose average evolution has been negative.

The amount dedicated to the formalisations of mortgage loans for the purchase of housing units exceeded by 12.9% the volume reported in 2018, despite the slowdown observed in the state market due to the approval of the new Mortgage Act (LCCI) in June.

In the area on consumer loans, the entity has evolved positively in its year-on-year comparison, reporting a growth of 5.7% in the total balance and 2.9% with respect to the formalisations recorded in the year.

In the commercial scope, the economic slowdown at the end of the year did not appreciably affect the development of the year. The formalisations registered increased by 9% with respect to the volume recorded in the previous year, so that the balance of the total credit investment of client companies of LABORAL Kutxa offers a positive evolution for the second consecutive year.

### LOW DELINQUENCY

LABORAL Kutxa has managed to improve the quality of its loan portfolio, reducing its non-performing loans (NPL) by 17.2%. Consequently, the non-performing loan ratio of LABORAL Kutxa continued its downward trend, standing at 3.73%, which compares very positively with the non-performing loan ratio of the banking sector as a whole (4.99%, according to the latest data from November).

### SOLVENCY AND LIQUIDITY

LABORAL Kutxa has continued to generate capital organically. At year-end, the entity had a fully loaded CET1 capital ratio of 20.17%, which coincides with its Total Solvency level, which represents an increase of 141 basis points in 2019.

This relationship between the credit union's own funds, all in the highest category, and the risk-weighted assets (RWAs), places the solvency level of LABORAL Kutxa in a leading position with respect to its competitors, well above the requirements from the supervisor.



## LABORAL KUTXA

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The LTD (Loans to Deposits) liquidity ratio, which measures the ratio of the institution's loans to deposits, stands at an excellent 68.07%. Regarding short-term liquidity, the LCR (Liquidity Coverage Ratio) reflects a high level of 527% in relation to the regulatory requirement, which is established at the 100% threshold.

### THE INSURANCE BUSINESS

The contribution to the results of the insurance business amounted to €39.5 million in 2019. The good progress of the fiscal year pivoted on four axes: a significant increase in the sale of new policies, which grew by 4.5%, high level of renewal, low loss ratio, and efficient expense management.

With respect to the evolution of premiums, the good performance of home insurance stands out, with a 2.9% growth in the year, as well as individual risk life insurance, which grew by 3%.

### DIGITAL TRANSFORMATION

Throughout the year, LABORAL Kutxa imposed a demanding pace in the development of its omnichannel digitisation and development plan.

LABORAL Kutxa's customers demand an increasingly technology-intensive relationship model. Thus, the number of digital clients increased by 9% in 2019, with mobile as the driving force behind this growth. 80% of clients active in online channels are users through the smartphone. As an illustrative example, users of the Bizum mobile payment platform increased by 70% during 2019.

LABORAL Kutxa is committed to finding ways to improve the digital customer experience, betting on simplicity and ease of use in its developments. Thus, in its fully responsive online banking model, any new feature is offered by default on a mobile-first approach.

At a qualitative level, among other innovations, the online banking platform for the self-employed segment was renewed, also including better access to billing information for its clients through terminals at points of sale (POS). Similarly, in 2019, new online features related

to payment methods were also launched, such as the extension of the credit card limit and giving users the possibility of instantly enabling and disabling it.

LABORAL Kutxa's integrated banking and insurance model allows a joint and coordinated vision of the entity's digital strategy, which also incorporates the innovation of products and services related to insurance. Regarding new developments in this area, since last year, anyone has the possibility of pricing and contracting home insurance online. Additionally, an online tracking service was also launched with all the information on any domestic claim, with access for insured persons from their own smartphone in real time.

### COMMITMENT TO SUSTAINABILITY

LABORAL Kutxa has continued to take steps in 2019 to reaffirm its commitment to sustainable development. As an illustrative milestone, last September, it was one of the 130 entities summoned to sign the United Nations Principles for Responsible Banking at its headquarters in New York. This initiative, called to be a benchmark within the sector, seeks to define the commitment and responsibilities of the financial system to contribute to a sustainable future, in line with the Sustainable Development Goals (SDGs) and the Paris Agreements on climate change.

In the environmental field, LABORAL Kutxa is part of the group of companies that participate in the EKIAN solar park. With an area of 55 hectares, an installed capacity of 24MW and an estimated production of 40,000MWh per year, it constitutes the largest photovoltaic plant in the Basque Country. The entity's participation is part of its desire to collaborate in the energy transition towards a more sustainable model.



## LAGUNARO, EPSV

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The social protection system granted by LagunAro, EPSV (hereinafter, LagunAro) is characterised by providing its mutual fund recipients and beneficiaries with comprehensive social coverage, not limited exclusively to the phase in which they receive a pension, but also covering other areas that affect mutual fund recipients on a daily basis during their phase as active workers.



These social security systems, such as that of LagunAro, must be analysed and interpreted while considering their behaviour over a multi-annual time horizon, in line with the commitments assumed, although it is true that annual assessments are also necessary and convenient.

In this sense, the dual aspect that treasured by LagunAro cannot be neglected, from which it cannot be separated at any time. On the one hand, the role it plays as a structuring and protective element against the social welfare needs of cooperative members (illness, unemployment, retirement, etc.) is essential. On the other hand, an effective, responsible, and professional economic and financial management of the resources available is necessary to ensure a continuous offering, in adequate conditions, of social coverage to its group.

This economic and financial aspect is of special importance for the coverage of long-term pensions, financed through the capitalisation system, insofar as the correct management of resources is crucial for obtaining the necessary actuarial and financial balance. In fact, LagunAro is a key agent in our environment for the volume of people who are covered by the Entity's social coverage and for the Equity Fund maintained for pension coverage (€6,752 million), so the level of demand in management is very high.

Although it is true that, in certain aspects or areas of management, the goals set for 2019 have not been achieved, in general, the results obtained by LagunAro in the past year can be considered as very positive, particularly with regard to the management of its investments, in which the returns obtained have clearly exceeded those expected.

At year-end, LagunAro's group of **active contributors** amounted to 28,799, 28,204 of which correspond to the active mutual fund recipients of the 124 cooperatives that are part of the Entity. In 2019, the group of contributors was reduced by 140 people, as the hiring of new members could not offset the volume of losses for the year. In this way, the trend of the previous two years in which this group had experienced slight growth has been truncated.

The group of **Pensioners and Beneficiaries** experienced in 2019 a net increase of 522 people, with a total of 14,544 people receiving a monthly LagunAro pension (11,791 recipients and 2,753 beneficiaries).

As regards **investment management**, the macroeconomic context was generally favourable in 2019, despite showing signs of economic slowdown, which have receded as the year progressed and the economy began to enter a phase of greater stability.

In this context, which has implied gains in all significant headings of LagunAro's investment portfolio, the returns on investment, including changes in the value of the assets that we hold in the portfolio, have been extremely positive. The changes in the market value of the assets have amounted to €299.18 million, which, alongside the €382.23 million of net returns computed in the Profit and Loss Account, results in €681.41 million in total income from investment management and a return of +11.13%. Similarly, the moderate inflationary tensions (for a CPI hypothesis of 1.6%, with the real data ending at 0.8%) have meant lower actuarial needs to satisfy this year. to 14.3%, clearly above the mandatory legal minimum (4.0%).



## LAGUNARO, EPSV

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In fact, the significant returns obtained in 2019 were intended, in addition to covering actuarial needs, for making a provision of €177.1 million in order to anticipate a possible obligation to update the mortality tables used to date, as well as to increase the Security or Solvency Margin, which has shifted from the 9.3% reached in 2018 to 14.3%, clearly above the mandatory legal minimum (4.0%).

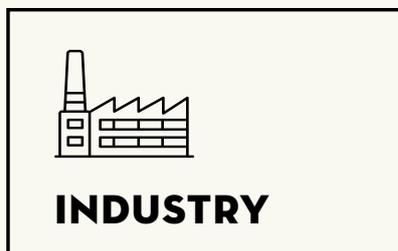
In the case of **distribution or short-term benefits**, the pattern of behaviour recorded in previous years has been repeated in the case of the three main benefits.

In the specific case of the provision of **Healthcare**, the valuation is positive, insofar as both the total expenditure, as well as the expenditure per beneficiary and month, have been below the forecasts and figures of the previous year.

Regarding the provision of **Employment Aid**, the reading is also positive, given that the number of people in structural unemployment has decreased significantly, while spending has remained at levels similar to those of the previous year.

In this sense, it should be recalled that, in late 2018, the Governing Council approved a Special Action Plan in the field of Employment Aid for the years 2019 and 2020 with the aim of contributing to a significant reduction in the number of people in this situation.

Conversely, in the case of **Temporary Disability**, the rate of absenteeism (5.40%), instead of decreasing, ended in 2019 above that of 2018 (5.28%), which has prevented us from breaking the upward trend started in 2014. In order to tackle this trend, a reflection has been carried out among the different agents involved in the management of this variable, from which a series of projects were launched shortly to ensure work, among everyone, to address this situation.



THE INDUSTRY AREA OF MONDRAGON REACHED €6,064 MILLION IN SALES, EXCEEDING FOR THE FIRST TIME IN ITS HISTORY, THE MILESTONE OF 6,000 MILLION.

INTERNATIONAL SALES HAVE GROWN TO €4.225 MILLION, COMPRISING VIRTUALLY 70% OF TOTAL SALES.

THE AVERAGE STAFF OF THE INDUSTRIAL DIVISIONS AMOUNTS TO 39,131 JOBS, 14,455 OF WHICH CORRESPOND TO PRODUCTION SETTLEMENTS OF COOPERATIVES ABROAD.

INDUSTRIAL INVESTMENTS MADE IN 2019 AMOUNTED TO €380 MILLION.

Global economic growth in the fiscal year 2019 has continued to slow down, standing at 2.9%, 0.7 points below the growth of the previous year (3.6%). Nevertheless, in the latter part of 2019 the economy achieved greater stability, helped by the change in monetary policy of the central banks, as well as the reduction of trade tensions between the United States and China.

### **ADVANCED ECONOMIES**

Regarding advanced economies, growth was 1.7%, 0.5 points less than in the previous year.

- The United States grew by 2.3%, 0.6 points below the increase achieved in 2018.
- In the Eurozone, a growth of 1.2% was achieved, 0.6 points lower than that achieved in 2018.
- As for Spain, its economy had an increase of 2.0%, 0.5 points less than last year. It is, however, the eurozone economy that has grown the most.

### **EMERGING ECONOMIES**

As for emerging economies, the growth rate was 3.7%, 0.8 points below the previous year.

- China reported a growth of 6.1%, 0.5 points less than last year, reflecting the structural transition to a more outsourced economy, which has lower growth rates.
- India has recorded an increase of 4.2%, 2.6 points below the previous year, due to the slowdown in investment and the loss of dynamism of exports.
- Russia, in turn, grew by 1.3%, one percentage point less than 2018.
- Brazil grew by 1.1%, remaining at the same level as last year.

In this global context, MONDRAGON's Industry Area exceeded **€6 billion in total sales** for the first time, positioning itself at €6.064 billion, 2.4% more than the previous year.

Domestic sales reached a figure of €1.839 billion, 2.7% above the value obtained in 2018.

Regarding international sales, they reached a figure of 4,225 million euro, which represents a growth of 2.2% more than those made in 2018.

### **PROFITABILITY**

Regarding profitability, the net result for the past year has stood at €282 million, improving the result of the previous year by €52 million, and confirming the path of profitability for all industrial businesses in recent years.

### **EMPLOYMENT**

Regarding employment, the Industry area returned to generate employment in 2019, reaching an average staff at the industrial divisions of 39,131 jobs, 14,455 of which correspond to productive settlements of cooperatives abroad. All this has meant a generation of 409 jobs, 199 at the local level and 210 in the external establishments.

### **INVESTMENTS**

The industrial investments made in 2019, mainly oriented to the start-up of new production plants and to the improvement of the efficiency of the processes to gain in competitiveness, reached €381 million, €77 million more than the previous year.

Another noteworthy aspect is related to the commitment to innovation of the industrial companies of MONDRAGON. This is confirmed by some of its most relevant data: 2,189 staff dedicated exclusively to R&D in the set of 14 centres specialised in various technologies, as well as Mondragon Unibertsitatea and industrial cooperatives. R&D spending has risen to €188 million, with sales of new products representing 11% of sales in the Industry Area.

## **TRAINING**

In the area of training, €8.3 million have been allocated for this purpose over the past year, divided into various programmes, both related to the technical and social and business areas. Notable aspects include the Cooperative Training given to 1,274 people, Leadership and Teamwork Training, and other specific programmes given to 469 managers.

## **OCCUPATIONAL HEALTH AND SAFETY**

In occupational health and safety, the reduction of the accident rate remains a primary goal, with the indicator of the number of accidents per 1,000 operators remaining at 33.57, with a significant increase compared to the previous year. In companies in the industrial sector, the incidence rate has also maintained the same upward trend, standing at 39.73 as of 2019, a figure significantly lower than 69.25 and the equivalent for industrial companies in the Basque Country Autonomous Community (CAPV), where an increase was also reported this year. In this field, it should also be noted that 45 companies received the ISO 45.001 certification in 2019. Similarly, it should be underlined that two cooperatives are certified as “Healthy Companies”.

Finally, in relation to the Social Responsibility of the cooperatives and the concern for the correct conservation of our environment, the cooperatives have 75 ISO14001 environmental management certifications, which represent more than 75% of the total sales of the industrial cooperatives. Additionally, standards related to social responsibility, such as SR10, already have some certifications in cooperatives.

Moreover, the 20 largest cooperatives developed for the second time the “Non-Financial Statement Report”. There is no doubt that in the coming years, progress will continue with a better response to the Sustainable Development Goals (SDGs).



THE DISTRIBUTION DIVISION ENDED THE YEAR 2019 WITH €5,544 MILLION IN SALES AND A TOTAL STAFF OF 38,878 PEOPLE.

DURING THE FISCAL YEAR 2019, ANOTHER 197 SHOPS WERE CONVERTED INTO THE NEW “CONTIGO” MODEL, WHICH NOW EXTENDS TO 845 ESTABLISHMENTS IN ITS COMMERCIAL NETWORK.

ERKOP HAS EXCEEDED THE SALES FIGURES OF THE PREVIOUS YEAR BY 4.7%, REACHING THE MILESTONE OF €278 MILLION, A HISTORICAL RECORD OF THE AGRO-FOOD GROUP.



## EROSKI GROUP

This Area is composed of the Eroski Group, whose main activity is retail, the main company being Eroski, S. Coop., and Erkop, a second-degree cooperative composed of five cooperatives in the agri-food sector, alongside its investees.

Overall, the distribution division ended 2019 with €5,544 million in sales and a total workforce of 38,878 cooperative members and workers.



The year 2019 was remarkable for EROSKI for various reasons. Undoubtedly, one of them is the celebration of its 50th anniversary. In addition, it signed a good refinancing agreement and reached a high percentage of renewal of its network of shops to the “contigo” (“with you”) model. It was also a year of notable progress in matters related to health and sustainability, such as the growing introduction of the Nutri-Score advanced nutrition labelling system in a pioneering way in distribution across Spain. Furthermore, the approval of the new Cooperatives Act provides a more specific regulatory framework, which enables EROSKI to compete and develop on an equal footing with other organisations with other legal structures.

### THE “CONTIGO” NETWORK

In 2019, the EROSKI group continued with the renewal of its network through the extension of the supermarket models tested in previous years. In the fiscal year 2019, another 197 shops were converted into the new model, which now extends to 845 shops in its commercial network. The investment for these renovations amounted to more than €26 million, increasing its renewed network to 64% of hypermarkets and supermarkets, including own establishments and franchisees, which operate under the EROSKI, EROSKI City, EROSKI Centre, and CRWAABO brands.

### DIFFERENTIATED ASSORTMENT

The group has continued to advance in the construction of a more differentiated assortment as a key element of its positioning, with significant densification of the assortment, incorporating a greater range on the shelves, which has allowed the generation of net incremental sales. The Nutri-Score labelling system was also incorporated into its private-label brand in a pioneering way in distribution across Spain.

### SOCIAL RESPONSIBILITY

Throughout 2019, the EROSKI Group and the EROSKI Foundation continued their work of social involvement, including in the field of Corporate Social Responsibility, which was deployed on various work fronts. For example, it continued with its own food solidarity actions and with the participation of customers, donating more than 8,200 tonnes of food to over a hundred social entities in 2019, which is equivalent to 10,680 annual personal diets. In 2019, a solidarity campaign was carried out at Christmas in favour of children, as this was the cause chosen by vote by consumers. The €59,000 raised was allocated to the nutrition of children in Syria through UNICEF and prevention of childhood obesity through the EROSKI Foundation.

Moreover, two local emergency campaigns were organised for the victims of the Tafalla floods and a campaign with the Hombre Project in the Balearic Islands, raising €61,000 in total thanks to the solidarity of EROSKI and its customers.



## EROSKI GROUP

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En 2019 EROSKI se ha convertido en la primera cadena de distribución de gran consumo en publicar declaraciones ambientales de productos de marca propia, verificadas por el programa AENOR GlobalEPD, conforme a Reglas de Categoría de Producto (RCP) emitidas por el Programa International EPD System. Las declaraciones ambientales se han desarrollado en colaboración con los productores de huevos camperos del País Vasco, Euskaber, y de leche del País Vasco, SAT Valle de Karrantza, y el envasador Lácteos de Santander, junto con el Basque Ecodesign Center.

### SALES

Sales for the year amounted to €5.266 billion, the main activity being aimed at the distribution sector, reaching 2.4 percentage points less than in the previous year, as a result of the reduction in scope. The food market grew moderately in 2019, with a slight growth by volume and by inflation.

Constant activity had a similar behaviour to that of the previous year, repeating virtually the same figure (99%).

### RESULTS

Current operating profit reached €193.8 million, with a significant increase of 18.5% over the previous year, representing 4.23% of net sales (without VAT), improving the ratio by 0.75 points. The favourable evolution of the results is a consequence of the achievements made in the different projects to improve efficiency and productivity, both in the field of the value chain and in logistics. It is also worth noting the workers' high level of internal commitment with the collective social and business project. Its net profit reaches the mark of €45.2 million.

### EMPLOYMENT

Regarding employment, the total workforce amounted to 29,998 staff, including cooperative members and workers, to which over 3,400 employees in the network of franchised establishments can be added.



RETAIL

## ERKOP GROUP

In the fiscal year 2019, all Erkop cooperatives obtained positive results. The MONDRAGON agri-food group exceeded the sales of the previous year by 4.5%, amounting to €278 million, Erkop's historical record. Its working staff have reached the figure of 8,880, 60 more than in 2018, its best historical record.



SALES  
**€278 M**

EMPLOYMENT  
**8,880 STAFF**

NET INCOME  
**€10.1 M**

### AUSOLAN

Ausolan completed an excellent fiscal year, exceeding the planned objectives. The year 2019 was celebrated with various events for the 50th Anniversary of the establishment of the Auzo Lagun cooperative by 17 brave women who challenged a hostile political, business, and social environment. The celebrations reinforced the feeling of belonging among the current partners to the project.

Despite its significance, the renewal of the competition for school dining rooms in the Basque Country, which should have occurred in 2019, remained a pending matter. The current delay includes uncertainty in management and in the planning of the fiscal year 2020.

Following its acquisition, the company Cuina joined the Group. It operates mainly in Tarragona, with a turnover of €11 million. Its incorporation into the Group complements the businesses in progress in Catalonia.

### BARRENETXE

Barrenetxe's collaboration with Eroski for the development of regional plans in the category of local vegetables progressed at a good pace and should continue to be developed in 2020. The taking of positions in new businesses (Jakion, Cultivos Araba, etc.) was carried out during the year and should be a point of special attention for the next fiscal years.

### BEHI ALDE

In 2019, the management in Behi Alde was replaced, its consolidation being the primary objective during the fiscal year, as well as the establishment of hiring as partners of new young producers. The acquisition of land adjacent to the current ones also required specific steps.

### MIBA

In Miba, there has been a significant increase in feed production, with historical sales in the last months of 2019. This leads the Cooperative to proposing new investments, either in machinery in the current facilities or through the acquisition of an operational plant.



VARIOUS INITIATIVES AND SUPPORT INSTRUMENTS HAVE BEEN LAUNCHED IN ORDER TO PROMOTE MONDRAGON'S SCIENTIFIC AND TECHNOLOGICAL LEADERSHIP, AS WELL AS ITS INNOVATION CAPABILITIES.

THE COOPERATIVES INTEGRATED INTO THE CORPORATION HAVE 521 FAMILIES OF CURRENT PATENTS, HAVING ACHIEVED €673 MILLION IN NEW PRODUCTS AND SERVICES LAST YEAR.

MONDRAGON CORPORATION HAS A STABLE PORTFOLIO OF MORE THAN 50 PROJECTS FINANCED BY THE EUROPEAN COMMISSION AND UNDER EXECUTION.

MONDRAGON EDUCATIONAL CENTRES WELCOME MORE THAN 11,000 STUDENTS.

# INNOVATION, PROMOTION AND KNOWLEDGE

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For yet another year, various initiatives and support instruments were launched with the aim of boosting MONDRAGON's **scientific and technological leadership**, as well as its **innovation capabilities**, as essential elements for improving **competitiveness and transforming** the business fabric.

The actions carried out were articulated under 3 strategic areas:



## DIGITISATION



## RAW MATERIALS AND PROCESSES



## SUSTAINABILITY AND ENERGY

### SCIENCE AND TECHNOLOGY PLAN (STP)

Throughout 2019, the STP supported a dozen collaborative technological development projects. Moreover, 14 cooperatives were followed up and advised in the structuring and optimisation of their internal innovation processes. In addition, two new projects were launched with a focus on the generation and transfer of knowledge and talent for multi-sector application, in the fields of cybersecurity and energy storage and management.

### M4FUTURE RENEWED

In parallel, a process of reflection was launched, enabling the **Corporate Innovation Model** to be updated and adapted to the current challenges of corporate entities, as well as to the realities of society and the current economy.

### INDUSTRY 4.0 OBSERVATORY

In 2019, a stage was completed with the execution of thirty diagnoses on the cooperatives' degree of digitisation. The prioritised areas of interest (Cybersecurity, IoT Platforms, Servitisation, HMI, Traceability, etc.) will serve as inputs for the design of future demonstration pilots that allow cooperatives to complete their digital transformation.

### COMMITMENT TO STANDARDISATION

Participation in the IEC SyC International Smart Manufacturing Standardisation Systems Committee continued, as well as in the Spanish Standardisation 4.0 Working Group. Also, various dissemination actions were carried out with cooperatives regarding interoperability standards, reference architectures, and data models.

### CIRCULAR ECONOMY

Within the set of initiatives carried out within the framework of sustainability, a working community dedicated to the Circular Economy was launched in which cooperatives analyse trends, policies, legislative challenges and financing programmes in search of opportunities related to the eco-design, reuse, remanufacturing, and recycling.

### R&D INTERNATIONALISATION

MONDRAGON has continued to promote the internationalisation of R&D through the Corporate Office in Brussels and its participation in strategic international forums.

It also promoted the participation of cooperatives in European collaborative projects, submitting over 150 proposals to the various European programmes (H2020, ECSEL, Clean Sky, Interreg, Eureka, EIT, etc.), with a success rate of over 25%. Currently, MONDRAGON Corporation has a stable portfolio of more than 50 projects financed by the European Commission and under execution.

MONDRAGON has also held the presidency of the Eureka SMART Advanced Manufacturing cluster, which has allowed it to continue developing international collaboration networks with leading agents in industrial areas.

## KNOWLEDGE FIGURES

**€188 M**

TOTAL R&D EXPENSES

**3,12%**

TOTAL R&D EXPENSES ON SALES

**9,06%**

TOTAL R&D EXPENSES ON ADDED VALUE

**521**

FAMILIES OF CURRENT PATENTS

**€673 M**

NEW PRODUCTS AND SERVICES

**4**

TECHNOLOGY CENTRES

**10**

R&D UNITS

**2.189**

RESEARCHERS

### HIGHER EDUCATION

**4**

SCHOOLS

**15**

DEGREES

**15**

UNIVERSITY MASTER'S DEGREES

**5.125**

STUDENTS ENROLLED

**569**

RESEARCH PROJECTS AND TRANSFER ACTIVITIES

## TECHNOLOGICAL CENTRES AND R&D UNITS

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# 14 R&D CENTRES

*“The corporate R&D offer, which mainly materialises in its 14 technology centres and R&D units, exceeded the budget of €74 million, employing around 1,000 professionals.”*

**CIKATEK** is a business R&D unit specialising in the research, development and innovation of materials, technologies, and polymeric products (rubbers, thermoplastics, and TPEs) for anti-vibration, sealing, and fluid conduction functions.

**CS CENTRO STIRLING** is the R&D unit of the Components Division, specialising in the design, simulation, manufacture, and testing of various components and systems for the generation and efficient use of energy in the home environment.

**EDERTEK**, is Fagor Ederlan’s business R&D unit, whose goal is to share resources and solutions with the customers of products, processes, and materials in the automotive sector, looking for opportunities for the continuous improvement of its products.

**FAGOR AOTEK**, dedicated to Automation and Optics, aims to achieve a level of excellence in the technologies integrated into the products developed and manufactured by Fagor Automation: numerical controls, regulators, motors, and display and position feedback systems.

**IDEKO** is a technology centre specialising in manufacturing technologies and industrial production.

**LORTEK** is a technology centre specialising in materials and processes applied to joining technologies, additive manufacturing, and Industry 4.0.

**IKERLAN** is a technology centre specialising in electronic, information, and communication technologies, power and power electronics, and advanced manufacturing.

**ISEA** is a centre for technological development, innovation, and entrepreneurship, specialising in the business services sector, promoted by the Engineering and Business Services Division of the MONDRAGON Corporation.

**KONIKER** is a business R&D unit dedicated to the research and development of new technologies related to machinery and industrial manufacturing processes.

**LEARTIKER** is a technology centre specialising in polymer and food technologies, respectively.

**MTC** is a centre specialising in the research and development of thermoplastic parts and assemblies, as well as the development and new products associated with the functions they perform, for the automotive sector.

**MIK** (Mondragon Innovation & Knowledge) is a research centre in advanced management and entrepreneurship. Its goal is to generate knowledge applied to the field of management innovation, highlighting its dedication to transfer in topics such as talent management, entrepreneurship, and market development.

**ORONA EIC** (Elevation Innovation Centre) proposes advanced solutions for the lifting sector, with the main goal of promoting research and development of smarter and more socially efficient and secure transport systems that are better integrated into buildings.

**UPTC** is a centre specialising in technology research and development projects for the packaging sector.

## MONDRAGON PROMOTION CENTRE

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It is the corporate private platform whose mission is to promote and energise an open and inter-cooperative entrepreneurial ecosystem, to renew and update existing businesses, as well as to promote new business activities, with a growth strategy and higher value-added achievement.

It is composed of a team of promoters who foster the launch of new business projects from intra-entrepreneurship initiatives, in addition to promoting alliances with market agents and shareholding in technology start-ups that add value to the different cooperatives.

Its preferred vision is channelled towards industrial interest environments and areas of strategic interest, especially advanced manufacturing, energy, logistics and mobility, circular economy, health, and well-being.

### **DEPLOYS A RANGE OF SERVICES AT DIFFERENT STAGES OF THE PROCESS:**

- Support to cooperatives in diversification and open innovation strategies.
- Support during the incubation process of new ones.
- Presentation of business opportunities identified in the Corporate Antenna.
- Corporate and Inter-Divisional Node for channelling incoming business projects.
- Promotion of awareness dynamics and/or workshops to identify challenges and problems that require acceleration in their resolution.
- Structure of financial, legal, and corporate support to constitute the new Activity

### **IN 2019, VARIOUS ACTIONS WERE CARRIED OUT:**

- Shareholding participation in 3 external business projects (Secure & IT, Witrac, Sabbatic).
- Negotiation in progress from the Corporate Venture Capital Fund (Mondragon Promotion Fund) for investment in 4 additional start-ups.
- Launch of 11 intra-entrepreneurship projects promoted by Cooperatives and Industrial Divisions in different areas of interest, such as energy, health, industrial processes, technical trials, training, etc.
- Follow-up of 10 incubation projects previously approved for promotion in the market.
- Deployment of 4 Divisional Promotion Committees for closer traction of areas of strategic interest, as well as the promotion of business promotion projects, from the cooperatives themselves or through investment in start-ups.
- Regular meetings with more than 30 cooperatives to identify intra-entrepreneurship projects and shareholding participation in start-ups.
- Assessment of 19 business projects in the Corporate Promotion Committee, composed of members representing 9 industrial divisions.
- Follow-up of 30 collaboration agreements with Ecosystems at state and European level (Bind 4.0, Impulso Emprendedor, Cita Empeude, Crecer+, Keirechu, South Summit, Startup Olé, EIT Digital, etc.), for the identification and potential investment in business projects in incipient phases (start-ups).
- Implementation of 6 events, attended by 215 people.
- Launch of the Monthly Business Promotion Newsletter.

## **GARAIA TECHNOLOGICAL PARK**

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The GARAIA Technology Park is a system of entrepreneurship and innovation, comprising an optimal space for meeting, interaction and integration among companies, technology centres, universities, and other agents that constitute a community for the generation of opportunities that result in new products and/or businesses, with the ultimate goal of creating wealth and skilled employment in the region.

It works with an emphasis on specialisation in fields of knowledge that are currently mastered (mechatronics, power electronics, processes, manufacturing, and embedded systems), evolving towards new applications (energy efficiency, electrical storage, health, the environment, mobility, etc.).

Among its main activities, it acts as a catalyst in the design, identification and development of projects, in the search for collaborators and allies, manages infrastructures, and offers support services for innovation, channels entrepreneurship projects and offers unique spaces to potential companies interested in establishing themselves in GARAIA.

In 2019, Garaia Parke Teknologikoa consolidated projects and collaborations with different agents in the environment such as municipalities, commonwealths, Saiolan, the Provincial Council of Gipuzkoa, the Parke Network of the Basque Government, and driving-force companies in the region. Projects were launched based on different perspectives and applications, with an eye towards the development of knowledge and the existing production base, the economic and social sustainability of the region, and a constant adaptation to the new reality.

In turn, the conferences and events held in the common facilities of the main building allow a greater influx of people and companies to its facilities and the surroundings of Arrasate, greater visibility to the projects being developed, and an opening for the generation of a space that is enriching, dynamic and fully connected to all the trends that are occurring in the near environment, as well as in more remote environments, to continue favouring the connection of companies, technologies, and target markets.

***As of 2019, GARAIA hosted 54 companies with an aggregate turnover of €171 million and 1,351 staff, 718 (53%) of which are dedicated to R&D.***

In turn, in 2019, 240 events of different types were held (Technology Breakfasts, Garaia Enpresa Digitala, Training Pills, Business Meetings, Open Doors Day, Assemblies, etc.), at which almost 10,000 people gathered, making use of the different spaces and infrastructures offered by GARAIA.

## SAIOLAN

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It is a centre specialising in the “promotion and development of business activities”, being a member of the Basque Network of Science, Technology, and Innovation (RVCTI), whose head office is located in Arrasate – Mondragon, in GARAIA Parke Teknologikoa.

Additionally, SAIOLAN is one of the head offices of BIC GIPUZKOA, acting as a facilitator in the process of creating new innovative companies, as well as being an active agent in the process of supporting and promoting entrepreneurial culture in Gipuzkoa. Since its foundation, in 1985, to date, Saiolan set itself the challenge of contributing to the development of new business activities, which are profitable and sustainable over time, to generate employment with high added value.

In relation to the highlights of its management in 2019, it is worth highlighting the actions aimed at raising awareness and training for entrepreneurs (8 courses were given to 228 participants). In 2019, a total of 93 projects for individual and intrapreneurial entrepreneurs were held. In turn, 4 technology development projects and 36 feasibility studies were carried out – 19 of which were new projects financed by Ekintzaile-Txekintek Programme grants.

### **AS FOR NEW ACTIVITIES, 6 NEW COMPANIES WERE ESTABLISHED, AND 8 DIVERSIFICATION PROJECTS WERE LAUNCHED.**

Similarly, as of 2019, Saiolan remained as the industrial arm of the Debagoiena Development Agency, promoting the creation of spaces for collaboration among industrial companies, promoting their diversification with the dual objective of working towards the transformation of the region and improving its competitive positioning. Since 2018, the DEE-CED business community (Debagoienako Enpresen Erkidegoa – Debagoiena Business Community), composed of 26 industrial companies, has been revitalised.

As a member of the RVCTI, its activities include a series of actions as Intermediate Innovation Agent, aimed at promoting entrepreneurship in Universities (Mondragon Unibertsitatea) and CCTT (IK4Ikerlan), in addition to developing Guide Projects for the search of business opportunities in Clean Technologies, Advanced Manufacturing, and Active Aging.

Throughout 2019, it developed the **INGBIO** project with the aim of improving the ability of MGEP and Ikerlan for the creation of spin-offs and transfer new knowledge to the company based on the technological developments of its R&D area, particularly in aspects related to Biomedical Engineering. The project has been approved in the ELKARTEK call.

In the framework of the second call for subsidies of the aid programme to support R&D activities with potential for impact in the context of healthy aging, excellence of the social health system, and the competitiveness of the industry in this area, the ADINBERRI Foundation approved the project presented by SAIOLAN in collaboration with BiziPoz, a cooperative that promotes the empowerment of senior citizens, called **"Innovative Initiatives in Active and Healthy Aging in the Company"**.

### **CIRCULAR ECONOMY**

Within the framework of the Circular Economy "programmes for the promotion of competitive strengthening, sustainability and collaboration of the business fabric of Gipuzkoa" of the Provincial Council of Gipuzkoa, the project **"ARTILE Lana Latxa in Gipuzkoa"** was presented. For the second consecutive year, this project has worked to promote the Circular Economy in companies in the Gipuzkoa sheep production sector, adding value by promoting the competitive strengthening of Gipuzkoa companies and generating a new business activity.

In 2019 (2nd year), it continued with the development of the **European ORHI project** approved by the Interreg POCTEFA call and promoted by a consortium of organisations from the cross-border territory between France and Spain. It is the project leader, with a duration of 3 years. The purpose of the project is to contribute to the evolution of the agri-food sector towards a Circular Economy, promoting synergies between companies, identifying innovative solutions, and supporting their implementation of the project across the territory.

Another noteworthy element in its determined commitment to promoting new businesses is the use of its **"international antenna"** tool, which seeks to transfer consolidated businesses from countries far from our business environment.

Finally, it should be noted that in the Saiolan incubator welcomed 9 companies and 25 entrepreneurs over the course of 2019.

## **POLITEKNIKA IKASTEGIA TXORIERRI**



During the academic year 2018-2019, Politeknika Ikastegia Txorierri S. Coop. covered the training needs of 402 regulated students (Baccalaureate and Vocational Training) and 306 people in Employment Training activities, both active and unemployed.

At the academic level, progress has been made in the implementation of the ETHAZI methodology in all training cycles, with special mention for the development of various projects in the field of Service-Learning [Zerbikas], involving different entities such as the Retiree Association of Derio, FEKOOR, and Igurco. Additionally, Ikastolen Elkartea participated in the development of the competency model in Baccalaureate and launch of classroom implementations. It also participated in the Regional Project of Professional Orientation “Conoce para Eligir” [“Learn and Choose”], with the collaboration of the EGAZ of Txorierri, so that the families in the valley with children in 3rd and 4th years of mandatory secondary education (ESO) to learn more about the options offered in the scientific-technical field.

In coordination with the Hétel Association, two specialisation programmes were taught: “Design and Manufacture of Dies for obtaining sheet metal parts” and “Highly automated manufacturing processes”, both in the alternating dual training mode and with the collaboration of different companies.

In the field of Training in Work Centres, 72 agreements were signed with companies, which made it possible for 84 students to complete their internships. In addition, 43 students participated in Dual Training Alternation programmes in 21 companies, achieving 80% job placement.

In Training for Employment, with the collaboration of the Basque Employment Service (Lanbide), a programme was covered including the delivery of 29 courses, developing a total of 2,132 training hours for different companies.

Innovation and Technological Development was carried out in collaboration with the Basque Institute for Vocational Training [Tknika].

Within the framework of the Basque Government’s strategy “RIS3 Strategic Environments”, the activity of Business Services [Tkgun] in the field of manufacturing has continued. In addition, with the coordination of the Basque Institute for Vocational Training [Tknika], different business consulting projects were developed.

In the international area, it is worth highlighting the participation of 13 students in the framework of the Erasmus+ (Mobility) community programme, which conducted out practical training for 10 weeks in companies from different European countries.

In addition, 43 scholarships from the GLOBAL TRAINING Programme, sponsored by the Department of Economic Development and Infrastructures of the Basque Government, were managed, aimed at young people who have completed their Higher-Level Vocational Training or a University Degree.

In the field of entrepreneurship, and as promoting partners, Politeknika Txorierri continued to collaborate with the WORK-LAN Bizkaia Association, whose corporate purpose is based on the promotion of social economy companies. Furthermore, in order to promote the promotion of entrepreneurial culture, it participated in the Urrats-bat network of centres and in the Ikasempresa Project [Basque Government].

Finally, in the field of management, one highlight was the achievement of the ISO 9001 Quality certification. Similarly, once again, the complete renewal by AENOR of the Environment certification, ISO 14001:2015, was successfully achieved.

## ARIZMENDI IKASTOLA

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In the final stretch of the Pedagogical Programme “Iparra: Arizmendi 2020” started in 2013, in addition to managing ordinary processes, the past year focused on achieving a theoretical corpus (discourse and narrative) of the ARIZMENDI new non-university cooperative education model and its four components: the person model (7 features and 27 characteristics with their corresponding three levels of impacts); the 12 basic and common educational lines to the model across all ages of the educational process; the 18 methodological options that correspond to the 12 basic educational lines and the 7 features of the person model; and the design and development of a valid prototype for each school stage.

That is to say, the engineering that the “Pedagogy of Trust” framework needed was carried out, and the time for production has arrived. In other words, it consists of the creation and preparation of the tools to be used by students, teachers, and families. All of them will be required to combine digital supports with audio-visual and paper ones and will inevitably count on the architectural transformation of the current spaces that have not been renovated to date.

With a budget of €17 million, ARIZMENDI’s educational R&D effort is directly aimed at its 3,221 students (70% of non-university students in the Leniz Valley) and over 4,500 parents, through the action of 275 professionals and 276 monitors. It also addresses many educational entities (ikastolas, religious centres, and public schools) that show their interest. As of the present date, this action has been reflected in 32 conferences and 339 visits to ARIZMENDI, training for over 600 professionals and providing advice and training in practices at 4 centres and the constituting an inter-cooperative group for the development of the “Pedagogy of Trust”.

## LEA ARTIBAI IKASTETXEA

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In the academic year 2018-2019, Lea Artibai Ikastetxea had 21 groups in baccalaureate and training cycles. Among the Vocational Training students, 20 have opted for the dual mode, and the labour insertion rate at the end of the studies was 88%. In the training area, in turn, the main challenge continues to be training of teachers in collaborative methodologies and the application of challenge-based learning in various training cycles.

In the collaboration with the Vice-Department of Vocational Training, Lea Artibai Ikastetxea has participated in three educational innovation projects in the fields of Plastic Injection and 3D Printing, as well as in the field of mechanical design in a project on obtaining metal parts from lightweight UHSS steel by hot stamping and comprehensive management of an advanced mechanical manufacturing 4.0 company. Moreover, in collaboration with Tknika, it became part of the group of centres integrated in the fields of advanced manufacturing and sustainable agri-food. Participation in these projects allows teachers to improve their skills, as well as creating materials that can be used in training activities.

In the field of Employment Training, 12,450 hours of training were given, 2,380 of which consisted of on-demand courses, one highlight being the field of lean and personal skills, as well as the prevention of occupational risks. In training for the unemployed, 39 courses of various specialties were taught (8,035 hours), whilst 2017 hours were given as training for active workers. This adds up to approximately 12,450 hours in which more than 1,500 people have participated. In this area, a Singular Project was managed for people with characteristics of difficult labour insertion and risk of social exclusion, resulting in a rate of 50% of labour insertion. All of the above is aligned with the challenge of job placement. In this course at Lea Artibai Ikastetxea, 166 internships in companies were managed, collaboration was provided for the employment of 134 people, and guidance was offered to 402 people.

Also, in collaboration with Tknika, Lea Artibai Ikastetxea participated in the Capacitación Sin Fronteras ("Training Without Borders") programme in which various companies in Gipuzkoa, the Provincial Council of Gipuzkoa and the state government of Guanajuato (Mexico) organised training for young Mexicans in Lea Artibai Ikastetxea and another vocational centre in Gipuzkoa, which is completed by a stay at the companies in Gipuzkoa, with the aim of training local professionals who will then work in the Mexican plants of companies in the Basque Country. Conversely, we continued with the TEP (Technology Entrepreneurship Programme) project, co-financed by the European Social Fund, which aims to train engineers in polymer technology and entrepreneurship alongside Leartiker S Coop.

## MONDRAGON UNIBERTSITATEA



In the academic year 2018-2019, we entered the second half of the strategic plan, in which the university aspires to lead university educational innovation, open up to new domestic and international markets, and maximise the impact of its research on companies and society in general.

In the official training field, Mondragon Unibertsitatea offered 15 degrees and developed the Degree in Business Data Analytics, which will be offered in the academic year 2019-2020 in Bilbao.

In terms of graduate courses, 15 university Master's degrees were offered, with another 3 designed for the academic year 2019-2020: Data Analysis, Cybersecurity and Cloud Computing, and Robotics, Control Systems and Learning Facilitation. In addition, the university Master's degree in Industrial Engineering obtained the international EUR-ACE seal. In turn, the university has had 3 doctoral programmes.

It should be mentioned that this Mondragon University course has achieved the DUAL seal for the Master's degree in Learning Facilitation, thus ensuring that 73% of the Master's degrees can be offered in the dual mode. It was also the first university to offer an online Master's degree entirely in Basque.

### **IN TOTAL, AMONG THE AFOREMENTIONED OFFICIAL STUDIES, 5,125 STUDENTS WERE ENROLLED - 6.7% MORE THAN THE PREVIOUS YEAR.**

The number of students who developed their end-of-course projects totalled 1,075, with 1,604 practices being held in companies and centres. Another highlight was the positive evolution in the data related to employability since the employment rate of graduates for the academic year 2018-2019 was 93% in the case of undergraduate degrees and 96% in that of Master's degrees.

At the international level, 1,210 students completed a stay abroad – 16% more than the previous year. In turn, a total of 399 foreign students attended Mondragon Unibertsitatea.

The university also trained more than 7,091 professionals with its offer of graduate degrees, own degrees, and many other continuing education courses, this figure being 6.5% higher than last year.

### **INVESTIGATION**

The effort carried out in the field of research and transfer continues to bear fruit. This is evidenced in the results obtained both in the international U-Multirank Ranking as well as in the rankings prepared by CyD and U-Ranking, which place Mondragon Unibertsitatea in a very good position – it occupies the first position at the national level – in relation to the dimensions of knowledge transfer and teaching performance.

The research projects and transfer activities carried out in the academic year 2018-2019 were 549. In addition, 119 articles were published in specialised publications both at the national and international level, and 126 papers were presented. 11 research groups obtained certification from the Basque Government, 8 of which were classified in group A.

### **HIGHER POLYTECHNIC SCHOOL**

In the Higher Polytechnic School, total income from R&T activity has experienced a 10% increase, largely due to long-term collaborative research programmes with companies. Among these collaborative research programmes is also the training of young talent who has just joined the company. Thus, most doctoral theses are funded in the context of this framework.

Among the competitive projects, it is worth mentioning the calls from the Elkartea, H2020 and Provincial Council of Gipuzkoa, in which results have been very remarkable. All these projects allow to continue generating knowledge and training R&T groups in scientific and technological fields that are aligned with the needs of the company. These projects are framed in fields such as Transport, Advanced Manufacturing, and Industry 4.0, which are key areas in the Smart Specialisation Strategy of the Basque Country – RIS3.

**EDUCATION**

In the field of education, a significant commitment has been made to interdisciplinary research projects, and actions for the transfer of knowledge increased considerably in fields such as multi-literacy, methodological innovation, and digitisation.

**BUSINESS MANAGEMENT**

In the field of business management, around the strategic project AS FABRIK, work has been carried out with more than 25 entrepreneurship and intrapreneurship projects in the field of advanced digital services oriented towards the industry. Simultaneously, a new line of research has been launched for the financing of new digital business models, particularly in the case of servitisation.

The research activity at BCC Innovation focuses on two main lines of work: convergence between “gastronomy and health” and “gastronomy and sustainability”. Another highlight is the work carried out by the BCulinary Lab, aimed at identifying and generating knowledge about new gastronomic applications for restaurants and the food sector. In turn, the LABE-Digital Gastronomy Lab was launched within the programme of the Provincial Council of Gipuzkoa, Etorkizuna Eraikiz, in collaboration with the Basque Government and the Donostia City Council for the digital transformation of gastronomy.

**FUTURE**

Conversely, the university has continued to take steps in its Mendeberry 2020 pedagogical innovation process, with the design and development of the educational process and prototypes for undergraduate and Master’s degrees, defining, among other aspects, the characteristics that future students should develop.

Regarding the field of entrepreneurship, and specifically in the context of LEINN, in addition to the companies created by first-year students, as part of their teaching-learning process, in the academic year 2018-2019, 7 other companies were created by students graduated in previous promotions. So far, 29 companies have been created, with a total of more than 100 workers.

Additionally, it has participated in different entrepreneurship programmes and projects such as BREAKit, Enpresa Sortu, Kooperatiba Fabrika, and CAction, among others.

Regarding the field of digitisation, one of the strategic challenges, it is a topic that affects all the university’s activity cross-sectionally, with special mention to the pilot experience of the ePortfolio, KoNet mobile app, and Kolaborategia.

**SOCIAL RESPONSIBILITY**

Finally, and as projects to be highlighted in the field of university social responsibility, one highlight is the European project PLOTINA, aimed at promoting equality in education, research, and innovation in higher education. Moreover, the university has participated for the third consecutive year in the Plan for Coexistence and Human Rights 2017-2020 launched by the Basque Government.

## OTALORA



Throughout 2019, the activity of the Management and Cooperative Development Centre has maintained the dynamics of previous years.

### LEARNING

In the Management Learning area, 20 groups participated in programmes related to Relational Competencies, mainly in Constructive Communication, Emotional Management, and Leadership; 18 people participated in the personalised support programme for the design and development of their Individual Development Plans (PDI) through the 70-20 methodology; and 2 cooperatives developed Learning Projects on an organisational scale.

### EDUCATION

In the Cooperative Education area, a total of 81 programmes were given to members of the Governing and Social Councils, as well as reception plans for new members. A total of 1,521 people from 48 cooperatives have participated in these plans. In this fiscal year, the development of objectives centred on the performance of the role was influenced through learning proposals focused on “learning by doing”.

The main challenges in the area include the design and delivery of an in-depth programme for presidents/rectors, the promotion of inter-body reflections of the cooperative on the quality of its governance and the extension of monitoring to the bodies in the performance of their competences.

Support services in Cultural Analysis and Development processes continue to among the concerns of cooperatives. In this sense, 20 cooperatives were monitored in the different phases of the development process: measurement, design of lines of action, and specific interventions. The objectives of the area include research on the evolution of people’s commitment to their organisations and explanatory factors, as well as the analysis of quantitative data on culture, based on sectoral and/or comparative focuses between cooperatives and non-cooperatives.

### DIFUSIÓN

In the Cooperative Outreach area, focusing on the MONDRAGON Cooperative Experience, over 1,800 people have been received, and 60 requests from cooperatives to expose the MONDRAGON model to their clients and network of contacts have been answered. Throughout the year, it participated in 9 conferences in different international events.

Intercooperation constitutes a cross-sectional element of Otalora’s activity, being developed primarily through the implementation of communities of practice in which concerns, knowledge and experiences are shared. In this sense, communities of practice have been continued in the areas of Talent Management, Culture and Values, Governance, and Social Transformation.

Finally, the 12th edition of the People Management Forum was held. The topic of this edition was “Adaptability, Flexibility, and Speed, a look from the management of people and the new organisational models”, with the participation of 130 attendees.