

INDEX

LETTER FROM THE PRESIDENT

MONDRAGON, A DIFFERENT EXPERIENCE

COMPETITIVENESS AND INNOVATION AT ALL TIMES

PEOPLE, HUMANITY AT WORK

OUR PLANET, A COLLECTIVE CHALLENGE

GOVERNANCE, BUSINESS DEMOCRACY

MONDRAGON AND THE SDGS

LETTER FROM THE PRESIDENT

2021: A YEAR OF RECOVERY

“Although it was not without problems, 2021 was a year of recovery and a good year in general. In addition to recovery of sales, the levels of employment were maintained and turnover was good.”



President of MONDRAGON's General Council
Iñigo Ucín

Although it was not without problems, 2021 was a year of recovery and a good year in general. Once again, the cooperatives demonstrated their capacity for adaptation and flexibility in the short term while proving they had a sound strategy in the long term, shown by their continuance of the R&D investment effort and the major investment made in general throughout the year. 2021 therefore ended with a positive balance. In addition to recovery of sales, the levels of employment were maintained and turnover was good.

Another notable aspect of 2021 was inter-cooperation, which increased significantly over the year and is still yielding returns. These efforts must continue in both

the short and long term, in order to maintain and improve business competitiveness and defend positions in view of the current economic and geopolitical context.

Finally, I would like to express my thanks once again for the commitment of all the cooperative members over the last two years, a period when we have had to deal with situations that were totally new to us, but which we have successfully managed to overcome.

LETTER FROM THE PRESIDENT

WITH PEOPLE AND VALUES

“It is easier to build a better future for our planet with the driving force of people behind us, with cooperation and with values supporting the development we aspire to.”



Chairwoman of the Standing Committee and the MONDRAGON Congress

Leire Mugerza

Without a doubt, the world is facing global challenges of the highest level, such as climate change or inequality. These challenges are unprecedented, which means we must work together immediately to address them so as not to put our future at risk. Countries, governments, institutions, society and individuals are all called on to help towards this effort. And so are businesses.

The cooperative world is well aware of these challenges, and sometimes, from our limited perspective, we ask ourselves how our model can contribute towards a more sustainable world, financially, socially and environmentally. There are three basic mainstays of the Cooperative Experience, which have always worked well: people (who are given the prominence they deserve in practice, with decision-making capacity on a day-to-day level and also for strategic issues), cooperation (as a tool enabling us to aspire to more ambitious goals than those we could take on alone), and values (such as shared responsibility, solidarity or

commitment to developing the local environment). It is easier to build a better future for our planet with the driving force of people behind us, with cooperation and with values supporting the development we aspire to. At the MONDRAGON cooperatives, these concepts prevail and are the hallmarks of their business approach. In addition to providing the project with a human dimension – Humanity at Work – they also help create more cohesive societies with less inequality and competitive enterprises. 2021 was a year when the value of people within the organisations and the cooperative model itself were both strengthened, as all of us involved in this project have shown that we know how to build more competitive enterprises, in a more cooperative way.

MONDRAGON, A DIFFERENT EXPERIENCE

MONDRAGON is structured into four business areas: Finance, Industry, Retail and Knowledge. It is a genuine cooperative reality that cares for its people, competes on a global market and seeks common progress. The project is diverse and includes our own university (Mondragon Unibertsitatea), an employment-related mutual provident society (LagunAro), a new business promotion centre, a banking institution (Laboral Kutxa), 14 R&D centres and numerous industrial and retail enterprises.

Today it is made up of 95 autonomous, independent cooperatives and almost 80,000 people, and it is acknowledged for its human dimension, social impact and competitiveness. Its numerous mechanisms for achieving inter-cooperation and solidarity make it more resilient and help guarantee it will successfully meet its challenges in forthcoming years.

MISSION

MONDRAGON is a socio-economic business reality, deeply rooted in the Basque Country, created by people for people.

It is committed to a sustainable society, competitive improvement and customer satisfaction to generate wealth and transform society through business development and job creation.

It is backed by solidarity commitments and uses democratic methods for its organisation and management.

It encourages people's participation and integration in their companies' management, profits and ownership.

MONDRAGON, A UNIQUE PROJECT

MONDRAGON is a global benchmark for cooperation work with a responsible, democratic, competitive and sustainable business approach. What sets its model apart from the rest is basically its genuinely people-centred form of doing business, its level of innovation and competitive capacity, and its commitment to developing the local community and environment.

95

COOPERATIVES

14

R&D CENTRES

80.000

PEOPLE

A DIFFERENT WAY OF DOING BUSINESS

- **Democratic:** the people decide. A one person, one vote system is used to elect the cooperatives' governing and management bodies and to adopt the company's strategic decisions.
- **Participative:** in three key areas: management, ownership and results, generating a greater degree of commitment and identity.
- **Transformational:** its companies create shared value and are committed to changing society.

A REFERENCE POINT FOR COOPERATION

MONDRAGON was selected by Fortune magazine for its "Change the world" global listing, which acknowledges the contributions of companies to the major challenges society faces today.

The ICA has rated MONDRAGON "the world's leading industrial cooperative", for both the aggregate volume of business of its cooperatives and its turnover ratio to GDP per capita. [World Cooperative Monitor 2021 | ICA Monitor](#)

SUSTAINABLE QUALITY EMPLOYMENT

MONDRAGON's mission and vocation is to generate employment, preferably cooperative employment, in line with society's desire for transformation and extension of the Experience.

- Employment in fair conditions, with balanced wages and opportunities for ongoing training and promotion.
- Quality employment (*), meaning health and safety at work, participation or diversity and inclusion.

(* Quality employment according to the dimensions defined by the EU such as intrinsic job quality, lifelong learning, health and safety, diversity and inclusion, conciliation, participation and overall job satisfaction.)

THE BASQUE AUTONOMOUS COMMUNITY'S LARGEST EMPLOYER

MONDRAGON is the largest employer in the Basque Autonomous Community and one of the most important in Spain, with around 65,000 workers.

For the industrial cooperatives belonging to Osarten (the Joint Prevention Service), the accident rate is much lower (50%) than for other companies in the Basque Autonomous Community: 23.52 as compared to 60.36 for the number of accidents causing more than one day's absence from work per 1,000 workers.

More than 788,000 hours of training in 2021, equivalent to a cooperative with 460 people studying full time for a year.

Diversity and equality: taking our cooperatives' sales as a reference point, over 90% of them have equality plans or are currently at the diagnosis stage.

WAGE EQUALITY AND PROFIT DISTRIBUTION

MONDRAGON is a sound business reality that generates value and wealth. Social capital, and not only financial capital, is used to measure this wealth, as its constant aim is for creation of wealth to lead to a greater cohesion of society (less inequality), particularly through mechanisms of solidarity and redistribution.

- The MONDRAGON cooperatives have established a salary range tending to even out the highest and lowest incomes and a wage scale ranging from 1-6 between the minimum and maximum salaries.
- Another example of solidarity is that the cooperatives agree on a salary range that cannot be less than 80% or

more than 110% of a reference value established annually by LagunAro for all the cooperatives.

- Fair distribution of profit: common use funds (for fostering new cooperatives, research, etc.), required reserves, contribution to social and cultural projects, and “dividends” or returns to the workers.

COMMITMENT TO THE LOCAL ENVIRONMENT

Since its creation, MONDRAGON Inversiones has made investment transactions for an amount of over 969 million euros. In 2021, the volume of transactions was €19m.

Funds earmarked by Fundación MONDRAGON to cooperative promotion, training, social and cultural projects, etc., totalled €12.3m. The total funds earmarked in the last 5 years are €88.5m.

INTER-COOPERATION ECOSYSTEM

Inter-cooperation is another hallmark of the Experience. MONDRAGON's collaborative logic, with cooperatives, divisions and other entities, helps to create new opportunities and increase the resilience of the business projects. These are some of the inter-cooperation mechanisms:

- **Profit conversion.** A solidarity mechanism whereby each cooperative earmarks a percentage of its profit – a minimum of 13% – to a divisional fund for more equitable sharing of the wealth generated or partial compensation of the cooperatives that have posted losses.
- **Worker relocation**, providing a solution for maintaining employment within the cooperative group itself.
- **Financial instruments for inter-cooperation**, which play a very important role in projects for internationalisation, innovation and consolidation and also those for financial reinforcement and support in difficult situations.
- **Forums:** thematic, sectoral, corporate or managerial forums on specific topics as areas of practical exchange, contributing to knowledge sharing.
- **Bodies.** Inter-cooperation takes place between cooperatives and divisions, and common structures that foster balanced development of the cooperatives. These superstructural bodies play an essential part in building everything that the Cooperative Experience represents today (Ategi, Osarten, the Promotion Centre, Otalora, Fundación MONDRAGON, LagunAro, etc.).

INTER-COOPERATION IN PRACTICE

- Relocations: managed by LagunAro, with 648 people having found an employment solution in 2021 via relocation at other cooperatives.
- In 2021, €29.7m was converted to solidarity compensation for possible losses incurred by the cooperatives, to reduce their impact on the income statement.
- Fundación MONDRAGON also compensated a total amount of €5.3m of losses in 2021.
- Permanent forums for exchanging experiences and learning: Financial, Social Management, Gender, Promotion and Innovation, the Environment and Communication.
- Cooperative platforms launched:
 - Ategi, a purchasing management portal for energy, transport, ICTs, supplies and international purchases. It brings together 300 client companies and allows savings of 18% on average each year, for a mediated amount of €437m in 2021.
 - Osarten: occupational risk prevention, with medical check-ups, workplace health and safety audits, psycho-social risk assessment, etc. 82% of the cooperatives have trained a total of 80% of their staff.

- Promotion Centre: 25 cooperatives are actively involved in business promotion and 45 are at new opportunity analysis stages. In 2021, 5 start-up capital investments were activated and 7 new Feasibility Studies were launched by 14 cooperatives. These dynamics have led to the creation of 8 new companies in the last 2 years.
- Otalora: the Cooperative Training Centre has taught a total of 69 Cooperative Education programmes, attended by 1,129 members of cooperative bodies, and 22 groups (143 people) attended self-care and emotional management programmes
- LagunAro. in 2021, it had 28,228 members from 122 cooperatives, 15,212 pension beneficiaries and 56,799 healthcare beneficiaries.

ROOTED ENTERPRISE

Committed to developing the local environment, with the decision-making centres based in their place of origin. MONDRAGON is aware of the value of its legacy and wants to leave the future generations sounder cooperatives and a development model that is better for people and the planet.

- **Territorial structuring.** The cooperative model is strongly anchored in the local environment. The cooperatives become a natural structure and reference points for territorial development and are essential for designing local socio-economic revitalisation strategies.
- **Local decisions with a global perspective** The cooperatives compete globally and the decision-making centres are located at their parent companies, mainly based in the Basque Autonomous Community and Navarra.
- **Promoting the Basque language** MONDRAGON works to achieve the use and standardisation of the Basque language at its work centres.
- **Cultural commitment** MONDRAGON also contributes to fostering major cultural projects strategic for the country, such as the Guggenheim, the Kursaal, the Baluarte, Artium, Arantzazu or Euskadiko Orkestra.

LOCALLY-ROOTED BUSINESS

- Net Investment in 2021: €389.8m.
- MONDRAGON accounts for 12.1% of in the Basque Autonomous Community's industrial investment.
- Mondragon Unibertsitatea is based throughout the entire area and is unique among the Basque universities as it has 12 campuses in 12 different municipalities.
- 60 cooperatives have Basque language promotion schemes underway and hold 53 Bikain certificates accrediting a particular level of use, presence and management of the Basque language by the cooperatives.
- The MONDRAGON cooperatives operate in over 150 countries. Their international sales have exceeded €4.3bn, accounting for 72% of total sales.

MONDRAGON is the largest employer in the Basque Autonomous Community and one of the most important in Spain.

65.000

JOBS IN SPAIN

788.000

TRAINING HOURS

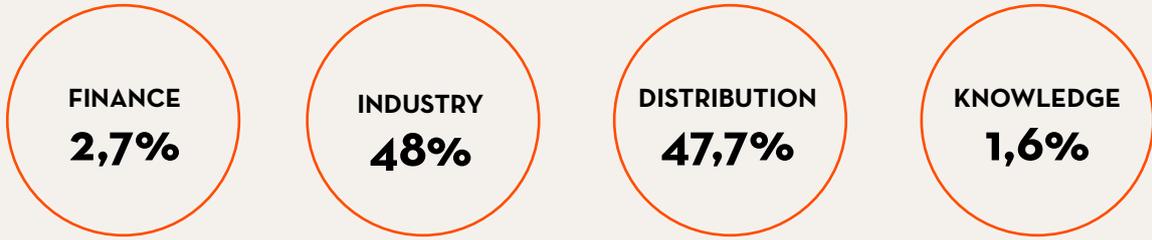
389,8 M€

INVESTED IN 2021

MONDRAGON 2021 IN FIGURES



COOPERATIVES INTEGRATED IN MONDRAGON



FINANCE



INDUSTRY



DISTRIBUTION



KNOWLEDGE

UNIVERSITY



TECHNOLOGY CENTERS



BUSINESS R&D UNITS



EDUCATIONAL CENTERS AND VOCATIONAL TRAINING



INNOVATION AGENTS



COMPETITIVENESS AND INNOVATION AT ALL TIMES

Finance, Industry, Retail and Knowledge are the MONDRAGON Cooperatives' areas of business. In 2021 aggregate sales totalled €11.404bn, €389.8m of investment was made and EBITDA was €1.332bn. The average staff was around 80,000 people. MONDRAGON continues to have a very major innovation commitment, with 2,458 people working full-time in R&D. Also, funds earmarked for R&D in 2021 totalled €189.3m and the total number of current patent families was 505, a very high proportion of those in the Basque Country as a whole. As to technology centres and R&D units, MONDRAGON has a total of 14 entities. In its Social and Business Policy for 2021-2024,

MONDRAGON has defined its main challenge: to "improve its positioning through competitiveness, its cooperative nature and its flexibility to disruptive changes". Commitment and cooperative identity, sustainability, future business, adaptability and flexibility, digital transformation, inter-cooperation and attracting and developing talent are its strategic pillars.



FINANCE

LABORAL Kutxa and LagunAro both achieved good business performance, despite the uncertainties. The credit institution posted consolidated profit of €108.8m, with 24.4% growth since 2020. The LagunAro mutual provident society now has a total of 28,228 members and pays a monthly pension to 15,212 people.

LABORAL KUTXA



The global pandemic, which is not yet over, has conditioned economic performance since it began two years ago. Last year was a year of recovery, when most of the developed countries, with widespread vaccination programmes, saw sound GDP growth and in many cases returned to the levels before the health crisis, the US and the Eurozone among them. However, in 2021 in both Spain and the Basque Autonomous Community GDP was 4% lower than in the fourth quarter of 2019, with delayed recovery in both geographical areas.

As to the growth expectations for 2022, at the start of the year in our geographical area the forecast was for around 6%, which would enable us to return to the pre-pandemic level. However, when this report was being written Russia launched an attack on Ukraine, and apart from the terrible tragedy this unleashed in terms of pain, death and suffering it also brought about much uncertainty with regard to the overall economic growth expectations. The consequences of this will be negative but are difficult to quantify overall.

As to LABORAL Kutxa's overall performance in 2021, the cooperative succeeded in overcoming the typical general weakness scenario of the banking business and ended the year with consolidated profit of €108.8m after tax, i.e. 24.4% growth in comparison with 2020.

The lower contribution from negative interest rate income was offset by intensive credit investment activity, with cumulative net growth of 4.8%, the boost in customer investment advice via off-balance sheet figures, which increased by 14.4% overall, and also more income from service provision, with a 15.5% increase.

MANAGED FUNDS

Customer funds mediated by LABORAL Kutxa at the end of 2021 totalled €28.304bn, increasing by 8.3% between January and December.

From an itemised perspective, on-balance-sheet funds such as sight accounts, savings accounts or term deposits grew by 6.8%, attenuating their major upturn last year, which was very much marked by the impact of the pandemic and the consequent drop in consumption.

However, this growth was very much higher in the case of off-balance sheet figures associated with investment advisory services. The clients opted to

increase diversification, moving a higher percentage of their savings to alternatives with more added value. The investment fund balances increased by 21.7% and this figure compared very positively with the evolution of the State funds, which according to data from Inverco saw an upturn of 14.84%.

There was also good performance of welfare and pension plans, as shown by the 4.7% growth in the number of unit holders and 7.1% increase in net balances.

CREDIT INVESTMENT

LABORAL Kutxa's overall credit investment at 31 December 2021 totalled €15.157bn, 4.8% higher than the balance registered in December 2020.

For households, investment balances had grown by 1.7% since the end of 2020, the most notable aspect being the volume of new home purchase mortgage loans signed during the year, with a 13.3% increase. On the other hand, the demand for domestic consumer loans had remained as stagnant as last year, with a slight decline of 0.2%.

As to business loans, the trend was excellent and the investment balance achieved at the end of the previous year was even maintained. In 2021, the loan trends of the larger-sized companies and cooperatives were notably positive, with a 8.43% increase in their balances.

INSURANCE BUSINESS

In 2021, the insurance business posted profit of €47.7m, a 3.3% increase on 2020.

Non-life insurance premiums totalled €119.2m, 0.9% higher than the previous year. Also, total life insurance premiums reached a figure of €60.9m, reflecting an annual increase of 4.2%.

LEADERSHIP IN SOLVENCY AND COMFORTABLE LIQUIDITY

LABORAL Kutxa has succeeded in further increasing its CET1 category capital ratio, which was already in the top category, to 21.81%, coinciding with its total solvency ratio. Its current levels confirm the entity's absolute market leadership position for solvency. LABORAL Kutxa's balance has also continued to reflect a comfortable liquidity position as a sound basis from which to undertake its business plans. Its proportion

of funding granted to deposits captured reflects a loan-to-deposit ratio (LTD) of 63.56%. Also, the short-term liquidity coverage ratio (LCR) stands at 413.01%, at a considerable distance from the regulatory requirement of 100%.

A FALLING DEFAULT RATE

During 2021, the ratio of non-performing loans to total loans granted to other resident sectors fell to 2.8%, much better than average for the sector's NPL ratio, which was 4.22% in November. The NPL coverage ratio also rose to 87.7%, as compared to 71.2% the previous year.

DIGITAL SERVICES

LABORAL Kutxa continues to progress with its offer of digital services. The main quantitative data for the year-end are that the entity's customers with an online digital profile now make up 56% of the total, and as to the customers' form of online banking, 86% of them use mobile devices for access, mostly as their preferential system.

With regard to innovation and new digital developments, an online mortgage has been launched for both customers and non-customers, representing a major step forward in the digitisation of a complex product such as mortgage loans. The customers themselves decide whether they prefer to conclude the

transaction exclusively online or visit the branch at some stage of the contracting process. Similarly, as a complement and alternative to the digital and branch-based services, LABORAL Kutxa's "Telebanka" service has also made progress towards improving the customer experience. The 900 hotline exclusively for customers aged over 60 has been reinforced. The SUPER LK Line is geared to attending to this group, answering their queries and helping them with their banking transactions.

SUSTAINABILITY

Sustainability is a key pillar for the entity, as shown by the fact that it is a signatory to the UN Principles of Responsible Banking, which establishes the financial system's commitments and responsibilities for contributing to a sustainable future, in line with the Sustainable Development Goals (SDGs) and the Paris Climate Agreement.

In 2021, LABORAL Kutxa designed a Sustainability Plan

and a roadmap to implement it. This roadmap covers different lines of work that have already been launched and will be developed over the next few years.

After a turbulent and complex 2020, with the advent of the COVID-19 pandemic, 2021 was the year of economic recovery. In addition to the monetary and tax incentives applied and business results obtained, there was also a decisive influence on this recovery from the evolution of the pandemic itself and the various waves of contagion, the increasing inflationary fears, and the central banks' change of direction towards a scenario of monetary policy tightening at the end of the year.

With regard to investment management, vital to the evolution of the private pension fund system managed by the entity, the results achieved in 2021 can be considered excellent. However, the continuance of the pandemic has affected all the distribution benefits. In any case, a system such as that of LagunAro, EPSV (hereinafter referred to as LagunAro), which provides its members and beneficiaries with comprehensive social welfare coverage, should be analysed and interpreted taking into account its performance on a multi-year time horizon, in line with the commitments it assumes.

LagunAro's dual facet should not be overlooked in this regard, as it is inseparable from the entity itself. Firstly, the role it plays as a structuring and protective element for the cooperative members' social welfare needs (illness, unemployment, retirement etc.) is vital. Secondly, the effective, responsible and professional economic-financial management of its funds is necessary at all times, so that it will be able to continue providing welfare cover to the group it attends under suitable conditions.

At the year-end, LagunAro's group of active contributors totalled 28,760 people, 28,228 of them active members of the 122 cooperatives adhering to the entity. In 2021 the number of contributors increased by 165, as the number of new members was higher than the number of terminations registered over the year.

The group of Pensioners and Beneficiaries showed a net increase of 295 people in 2021, with a total of 15,212 people now receiving a monthly pension from LagunAro.

As to investment management, we would highlight the good performance of risk assets, particularly equity stock, in consonance with the positive performance of business results in the aforementioned context of economic recovery and support from the expansionary fiscal and monetary policies implemented since the advent of the pandemic. In any case, more volatility was noted towards the year-end, as a consequence of the new Omicron variant and the high inflation registered, and this has led the central banks to begin to review their ultra-expansionary monetary policies, a process expected to continue in 2022.

In this context, almost all the significant categories of LagunAro's investment portfolio have yielded gains. Variations in the market value of the assets totalled €94.52m, which together with the €482.17m net gain reckoned in the Profit and Loss Account gives a total result of €576.68m income from investment management and 8.47% profitability and 8.47% profitability.

As to actuarial requirements, the provision made in 2021 to cover the creation of new pension rights – the so-called technical interest – was €188.09m.

Similarly, for purposes of updating the pension rights of all the groups of members and pension beneficiaries with the different rates who have LagunAro pension entitlements in accordance with the 2021 CPI (+6.5%), a total of €291.91m was provisioned (€239.74m for the groups with rates 2 and 3 and €52.17m for the group with rate 1).

Lastly, with the aim of strengthening the model with a view to the future, the Governing Council decided to reduce the technical interest applied to all the groups and rates from 3.0% to 2.85%, meaning the technical provisions must be increased by €164.41m.

As a result, the Security or Solvency Margin has gone from the 15.2% achieved in 2020 to 13.3% at the end of 2021, still clearly higher than the mandatory legal minimum (4.0%).

In the case of the main distribution benefits or short-term benefits, the effect of the pandemic has also

been heavily noted in some cases.

Beginning with Healthcare, the expenditure has been recovered following the standstill registered during the lockdown in 2020 and is now even higher than forecast, as the saturation of the public health services gave rise to higher use of the network contracted by LagunAro.

With regard to Temporary Disability, although the absenteeism rate (6.4%) was slightly lower than in 2020 (6.7%), it was still a long way from the target set (5.7%). A decreasing incidence of the COVID-19 effect had been estimated for 2021, becoming negligible by the second half of the year, but this turned out not to be the case due to the effects of the Delta and, subsequently, Omicron variants of the virus.

As to Employment Support, the effects of the pandemic have continued to be noted at some cooperatives, but it is true that the incidence of the flexible scheduling post-COVID-19 has been lower than expected and the well-managed relocations enabled the impact of unemployment to be reduced. As to the recognised expenditure for this provision, it has continued to be high, although lower than the amount recognised in 2020 and lower than the amount forecast for 2021, which has enabled the accumulated Fund for this provision to continue increasing.



INDUSTRY

In 2021 the global economy underwent growth of 6.1%, after shrinking by over 3% the previous year due to the advent of the COVID-19 pandemic. Advancements in the vaccination process and the fiscal and monetary incentives adopted by the authorities boosted the economy, and the rapid application of these measures allowed the advanced economies to recover more quickly than those of the emerging and developing states.

In the second half of 2021, the growth slowed down for various reasons: restrictions due to the new COVID-19 variants, a dramatic increase in the price of raw materials, and supply and demand mismatches caused by the pandemic. The inflationary scale caused some central banks to tighten their monetary policies earlier than expected.

MONDRAGON's Industrial Area also positioned itself on the path to recovery, while maintaining the adjustments and measures that had emerged to contain the effects of the pandemic.

Within this global context, MONDRAGON's Industrial Area achieved total sales of €6.017bn, 14.2% higher than the previous year.

Domestic sales reached a figure of €1.703bn, 7.0% higher than in 2020.

As to international sales, they totalled €4.314bn, a 17.2% increase on those of 2020, and this figure also accounted for 72% of the total sales.

- **Profitability.** €392m of net profit was posted in 2021, thanks to the cooperatives' adjustments and efforts throughout the pandemic.
- **Employment.** The continuance of the pandemic had a considerable impact on employment. The average staff in the industrial divisions was 38,076, a similar figure to the previous year. Of the total number of jobs, 14,626 correspond to the cooperatives' production facilities outside Spain.
- **Investment.** Industrial investment made in 2021 totalled €240m, 24.7% more than in 2020.
- **Innovation.** Another noteworthy fact is related to the innovation commitment of the MONDRAGON industrial companies. This is confirmed by some of the most relevant figures: there are 2,458 people working full-time in R&D at the 14 centres specialising in a variety of technologies, and also at Mondragon University and the industrial cooperatives. R&D expenditure totalled €189.3m.



RETAIL AREA

This Area consists of the Eroski Group, whose core activity is retail trading and whose parent company is Eroski S. Coop., and Erkop, an association of five agri-food sector cooperatives and their subsidiaries. All together, the retail division ended 2021 with net sales of €5.387bn and a total average staff of 37,832 cooperative members, workers and franchise holders.

EROSKI GROUP



As the vaccination process advanced, a certain trend began to emerge in 2021 towards recovering the consumer habits prior to the pandemic. However, the various waves of contagion during the year meant it could not be considered a normal year. In fact, it ended with a major sixth wave of the virus and restrictive measures affecting leisure and hospitality venues.

The volume of business declined in comparison with the previous year, when lockdown had caused a major increase in turnover for the food business. Also, in 2021 the companies and areas of businesses impacted by tourism did not succeed in returning to normal in 2021. Net ordinary net income for the year reached a figure of €5.116bn, €260m less than the previous year. Ordinary business yielded a current operating profit of €185.5m, 26% less than in 2020, and the ratio of operating profit to sales was 4.08%, a similar percentage to the years before the pandemic. Profit before tax reflected a gain of €154.9m, as compared to losses of €50.8m the previous year. A notable aspect was the major reduction in financial debt over the year – €443m – which enabled the leverage levels to be considerably reduced. The outstanding nominal financial debt covered by the financial restructuring framework contract signed in 2019 had been brought down to €953m.

- **Efficient expenditure.** In 2021, the Eroski Group made major progress on projects involving expenditure items. It was a year in which it began the groundwork for its future management and continuous improvement. The project enabled the Eroski Group to implement specific new savings initiatives and reinforce the already existing ones. The main lines of action identified for the next 4 years and on which major work was done in 2021 were efficient point-of-sale transactions, efficient supply, structure adjustment, indirect costs and the security plan, and the progress and results were very positive in all these areas.
- **Business expansion..** In 2021 the Eroski Group continued its commitment to business expansion, opening 12 of its own shops and 65 franchised establishments, 18 of which were Caprabo shops. The opening plans gained impetus this year and will contribute to ensuring Eroski's leadership position on its markets. Of particular note is the Lakua-Arriaga shop, with a sales space of over 2,000 m², which has become the starting point for an environmentally more sustainable supermarket: a new model with substantial changes (LED lighting, energy efficiency, latest-generation cold storage units, etc.) that will gradually be extended to the entire network.
- **EKINN innovation model.** This is a series of innovative methodologies, tools and dynamics used within the organisation to boost its differential advantage. Eroski is committed to open innovation as one of the organisation's main driving forces for change, and collaboration with start-ups, technology centres, universities, suppliers and customers as a vital mainstay of its business approach. In 2021 Eroski earmarked over €214m to innovation and development projects, collaborated on more than 16 innovation initiatives, 5 of them European collaboration projects with more than 130 companies, technology centres, universities and start-ups.
- **Social action.** For yet another year, the Eroski Group and the Eroski Foundation have continued their social action, either on their own initiative or through third-party collaboration agreements

for social and cultural development of the local environment. 2021 saw the consolidation of the regular donation programme “Solidarity Cents”, launched in November 2020. This campaign enables Eroski’s customers to make a small donation to the current charity cause when they pay for their purchase with a card or mobile phone. Their contribution is always voluntary and confidential and consists of a small symbolic amount of 10 euro cents for purchases between €5 and €30 or 20 cents for purchases over €30, which Eroski complements with a further contribution of its own. Over 2 million euros has been donated via 14 million of these solidarity cent donations, helping a total of 368,000 people via 260 social organisations that have financed projects for children’s aid, environmental protection, the fight against cancer, the elderly, people at risk of social exclusion, disabled people, degenerative illnesses and domestic violence victims.

- **Solidarity initiatives.** At these times of pandemic, with many households experiencing financial difficulties, Eroski has strengthened its solidarity initiatives to help cover the basic nutrition and hygiene requirements of those who need it the most. Together with its customers, Eroski has donated more than €435,000 to the people affected by the Cumbre Vieja volcanic eruption on the island of La Palma, thanks to an emergency solidarity campaign launched throughout its entire network of shops. The funds raised and the additional amount contributed

by Eroski itself were channelled via the Red Cross. Other aid campaigns have also been run for people at risk of social exclusion, such as the food collection campaigns for the Spanish Food Bank Federation (FESBAL), enabling over 3 million meals to be donated to 1,200 families; the social purchasing card, which has helped towards the fair and inclusive channelling of welfare assistance from town councils and social organisations to citizens and families in emergency situations; or the “Zero Waste” scheme with Eroski’s donation of 5,600 tons of staple food products to the most disadvantaged groups through around 100 social organisations.

ERKOP



Erkop’s agricultural and livestock cooperatives had another good year, all of them posting profit and with good levels of cash flow. This took place against a backdrop of extreme difficulty due to the increase in raw materials costs. Ausolan had good consolidated-level results, despite major provisions by the parent company in anticipation of the divestment to be made in Chile and in the events business.

Its sales totalled €271m, it posted €1.6m profit and it had a staff of 8,981 people.

BARRENETXE

2021 was a tough year for the cooperative, although its relationship prospered with its main client (Eroski). The trends were not positive either for Artandi, which had the additional problem of not being able to grow its own lettuce, causing production line stoppages at the factory. The start-up of the new businesses anticipated for 2021 (Xoconostle/Jakion Berria and Cultivos Araba) has been delayed until 2022.

MIBA

2021 was another good year for the cooperative, even though the raw material price increases were not passed on to the livestock farmers in their totality. Goimar was totally merged with Miba, progress was made on inter-cooperation projects between Basque agro sector cooperatives (Ineko, Kaiku), and an extensive agreement was reached with the cereal marketing cooperative Garlan to centralise the purchasing process.

BEHI ALDE

The “perfect storm” occurred in the dairy sector, with raw material prices at an all-time high, insufficiently compensated for by price increases in the sale of milk. Institutional aid succeeded in saving a year that was best forgotten. One positive factor, however, was the good harvest of fodder maize for animal feed.

AUSOLAN

Ausolan has continued to be significantly impacted by COVID-19, with restrictions on canteen services (inactive companies, schools with a continuous working day, etc.). The balance sheet clean-up processes have been speeded up for businesses unlikely to continue, indirect structures have been simplified and qualitative improvements are anticipated and will be visible in forthcoming years. Cuina (the latest company to be acquired in Catalonia) has been integrated and merged with Ausolan, the Sukalde tool has been implemented at school kitchens and canteens in the Basque Autonomous Community and Navarra, and the group’s matrix and remuneration model have been defined, together with diagnosis of training requirements.

KNOWLEDGE

The Knowledge area consists of various education centres – Arizmendi Ikastola, Lea Artibai Ikastetxea, Txorierr Politeknika Ikastegia and Mondragon Unibertsitatea – and the R&D centres. It employs a total of 1,515 people and has a budget of approximately €125m.

In 2021 several initiatives were launched to further MONDRAGON's scientific and technological leadership and its innovation capacities as levers for improving competitiveness and transformation of the business fabric.

01 **TECHNOLOGY AND R&D**

2021 SCIENCE AND TECHNOLOGY PLAN

In 2021, a total of 10 collaborative projects were co-financed with the aid of different support instruments for solving technological challenges and developing new products and services. The topics addressed included digital twinning, data platforms, digital customers, sustainable mobility and green hydrogen.

DIGITISATION AND ARTIFICIAL INTELLIGENCE

As part of its digitisation drive, the MONDRAGON Community for Artificial Intelligence (AI) has continued work on knowledge generation and transfer to the cooperatives, through technology watching, good practice sharing and resolving real challenges proposed by the corporate entities themselves. There has also been active involvement in Spanish and international committees and associations to strengthen MONDRAGON's AI positioning. Similarly, various dissemination actions have been carried out with the cooperatives on the topics of interoperability standards, reference architectures and data models.

CIRCULAR ECONOMY AND CLIMATE CHANGE

The MONDRAGON Corporation, with the collaboration of Ondoan, has continued to support the cooperatives in their analysis and improvement of their environmental performance. This year important areas were worked on such as waste prevention and management, integration of renewable energy sources, calculating the environmental footprint, eco-design, emission compensation or soil contamination. The different actions carried out for this purpose included legislative oversight and technology watching, projects, training sessions, personalised interviews with the cooperatives to identify

challenges, and monitoring of annual indicators.

RDI INTERNATIONALISATION

MONDRAGON has continued to foster the internationalisation of Research, Development and Innovation via the Corporate Office in Brussels and its involvement in various strategic international forums. It has also encouraged the cooperatives' participation in European collaborative projects, over 150 proposals having been submitted for different European programmes (Horizon Europe, Erasmus, Eureka, EIT Manufacturing, EIT Food, RFCS, PRIMA) with a success rate exceeding 25%. At the present time, the number of MONDRAGON Corporation projects approved and funded by the EC and already up and running is more than 50.

14 R&D ORGANISATIONS

The corporate R&D offer, mainly consisting of MONDRAGON's 4 technology centres and 10 R&D units, has a budget of over €75m and employs approximately 1,016 professionals.

TECHNOLOGY CENTRES

- **IDEKO** experts in production technologies and industrial manufacturing.
- **IKERLAN** with extensive knowledge of technologies for electronics, information and communication, energy and power electronics and advanced manufacturing.
- **LEARTIKER** specialising in polymer and food technologies.
- **LORTEK** which focuses on materials and processes applied to joining technologies, additive manufacturing and Industry 4.0.

CORPORATE R&D UNITS

- **CIKATEK** research, development and innovation of polymer materials, technologies and products (rubbers, thermoplastics and TPEs) for anti-vibration, sealing and fluid conduction functions.
- **CS CENTRO STIRLING** (Components Division), specialising in the design, simulation, manufacturing and testing of different components and systems for efficient energy generation and use in the home environment.
- **EDERTEK** (Fagor Ederlan), su objetivo es compartir recursos y soluciones con sus clientes finales de productos, procesos y materiales del sector automoción, buscando oportunidades para mejorar sus productos de forma continuada.
- **FAGOR AOTEK** (Fagor Automation), (Fagor Automation), working in the Automation and Optics areas and seeking to achieve a level of excellence in the technologies used in the products developed and manufactured by the cooperative: numerical controls, drives, motors and digital readout and position control systems.
- **ISEA** (Engineering and Business Services Division), a centre specialising in the business services sector.
- **KONIKER** (Fagor Arrasate) a specialist agent for research and development of new technologies relating to machinery and industrial production processes.
- **MTC** (Maier) investigación y desarrollo de piezas y conjuntos termoplásticos, así como del desarrollo y nuevos productos asociados a las funciones que estos desempeñan, para el sector de automoción.

- **MIK** (Mondragon Innovation & Knowledge) research and development of thermoplastic parts and units and development of new products associated with their functions, for the automotive sector.
- **ORONA EIC** (Elevation Innovation Center). (Elevation Innovation Center): a provider of advanced solutions for the lift sector. Its main aim is research and development of smart, safe transportation systems, energetically and socially more efficient and better integrated with the buildings.
- **UPTC** (Ulma Taldea) a centre specialising in research and development projects for packaging sector technologies.

R&D COLLABORATION PLATFORMS WITH WHICH MONDRAGON PARTICIPATES:

En las que participa MONDRAGON

- BRTA, Basque Research and Technology Alliance
- BAIC, Basque Artificial Intelligence Center
- BDIH, Basque Digital Innovation Hub
- BCC, Basque Cybersecurity Centre

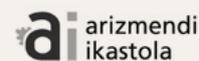
MONDRAGON AND EUROPEAN R&D

MONDRAGON participates in more than 30 EU R&D initiatives.

- 10 technology platforms
- 10 associations
- 6 "Horizon Europe" partnerships
- 5 knowledge and innovation communities (KIC)

02 EDUCATION / TRAINING

ARIZMENDI IKASTOLA



2021-2022 was an intense academic year. It began with a change of Director and an ambitious four-year Strategic Plan, which in turn was deployed into a forward-looking management plan focusing on educational transformation. All of this resulted in an educational innovation plan based on three major milestones: systemisation and establishment of the school's educational project (BATU), deployment of the prototype to the rest of the stages and measuring the profile of the people who wish to aid towards Arizmendi's development. The People Management Plan was focused on caring for and supporting Arizmendi's professionals, and although most of the goals established in the Management Plan were achieved, its advancement was once again hindered by the consequences of the pandemic.

The new BATU facilities in the Almen, Arimazubi and Gazteluondo buildings were opened this year

after major works carried out in the summer of 2021. The results of the satisfaction survey answered by the families show that the Arizmendi community welcomed these architectural and educational improvements, and the families' level of satisfaction with the Arizmendi professionals was also very high. In short, this has been an intensive year in which Arizmendi has continued to follow its roadmap of educational, personal, organisational and social transformation, doing the groundwork for dealing with the future challenges of the consequences of the Education Act, social change and the falling birth rate.

POLITEKNIKA IKASTEGIA TXORIERRI



The academic year 2020-2021 will be remembered for many years to come, as the pandemic forced a rethink of many tasks and processes that had previously been well-consolidated.

The staff of Politeknika Ikastegia Txorierri S. Coop. were able to respond to the educational needs of their state education students (post-compulsory secondary and vocational training) and all those who came to take part in the Employment Training activities, whether they were actively employed, job seekers or involved in specially-created programmes for local companies.

It also took part in 12 international innovation and transfer projects, which included coordination of the Digital Transformation in Advanced Manufacturing project, and in the entrepreneurship area Politeknika

Txorierri continues to participate with the Work-Lan Bizkaia Association, whose corporate purpose is to foster social economy enterprises, being a founder member of this association.

Finally, with regard to management, there were two major landmarks: approval of the first Plan for Equality between Women and Men and of the 2021-2025 Strategic Plan, which sets the priority goals to be developed in the next four academic years, under the slogan "Egokitu eta garatu, bizitzarako prestatu!" ("Adapt and develop, prepare for life!")

The Aenor ISO 9001 and ISO 14001:2015 certificates were also successfully renewed in full for yet another year.

The 2020-21 academic year was staggered at the outset, following instructions from the Department of Education. The severe COVID-19 protocols and contingency plans allowed all the classes to continue and the back-up measures were totally effective in all cases. Lea Artibai Ikastetxea had 21 groups of post-secondary and vocational training students this year. As part of the post-secondary programme, the possibility of its students doing a Dual Diploma was offered, in collaboration with Academical. 12 of the Vocational Training students opted for the dual programme, 88% of them successfully entering employment on conclusion of their studies. In the training area, the main challenge continues to be training the staff in collaborative methodologies and applying challenge-based learning in different training cycles, with active involvement in the transfer of Ethazi methodology.

Also, in collaboration with TKNIKA, the school was involved in designing new models for management and organisation of the integrated vocational training centres. Innovation projects transferable to classes as part of the advanced TKGUNE network were also carried out together with the companies, and the corresponding studies were also taught in a further two areas, agro-food and thermoplastic and prepreg biocomposites. Participating in these projects has enabled improvement of the teachers' skills and the creation of materials that can be used in future training activities.

Also, with a view to creating its own pool of teachers for the future, 17 practicums (educational spaces for helping teachers develop) have been tutored. As part of the collaboration with the Vice Ministry for Vocational Training, the school participated in two educational innovation projects in the fields of 3D printing and nutrition.

In the area of Training for Employment, 10,928 training hours were taught, although only 253 corresponded to on-demand courses, as during the COVID-19 pandemic the companies set aside their training plans and focused mainly on moving ahead with their orders. As to training for job seekers and the actively employed, 10,645 training hours were given, attended by 1,981 people. A new feature offered this year were courses for activity instructors and for drone pilots.

Lea Artibai Ikastetxea also took part in a lifelong learning activities project. All of this is in line with one of its main goals: labour market integration. This academic year, Lea Artibai Ikastetxea managed 216 work experience contracts, collaborated towards the labour market integration of 96 people and provided career advice for 280 people.

It is also continuing with the project co-funded by the European Social Fund, the Technology Entrepreneurship Program (TEP), aimed at training engineers in polymer technology and in entrepreneurship together with Leartiker S Coop. From a general perspective, 80% of the staff was involved in the reflection for drawing up the 2021-2025 Strategic Plan, and the strategic goals and lines of work have been defined for the next 4 academic years. The mandatory changes to the cooperative by-laws have been made, coinciding with the new Basque Cooperative Law, and work sessions have begun to assess potential synergies together with the rest of the vocational training cooperatives in the Corporation. Investment this academic year totalled €753,253.84.

The 2020-21 academic year was the first of the new strategic period 2021-24, and work was done on the goals and action for developing the strategic challenges identified in the plan.

In the official training area, Mondragon Unibertsitatea offered 17 degree courses, one of which was new: Global Digital Humanities (GDH), a pioneering course in the Basque Country that is now being run at the new Bilbao As Fabrik campus. This new campus is based in Zorrozaurre and opened in January, and in addition to the new GDH course it also offers Degrees in Mechatronics Engineering, Business Management and Administration and a Master's Degree in Facilitating Learning and Innovation. A total of 394 students have enrolled at the Bilbo/Bilbao Berrikuntza Faktoria and As Fabrik campuses.

As to postgraduate courses, 15 University Master's Degrees and 4 doctoral programmes were offered.

The total number of students enrolled for the official studies mentioned was 5,979, an 8.4% increase on last year's figures, and the total is around 6,200 students if the university's own degrees are added to this figure.

1,175 students completed their final year projects and 2,631 undertook work placements at companies and centres, a 4.2% increase on the previous year's figures.

In the international sphere, despite the mobility impact of the COVID-19 pandemic 950 students undertook placements abroad, and foreign students attending Mondragon Unibertsitatea totalled 345, a 27% decrease in comparison to 2020. As to Mondragon Unibertsitatea's internationalisation strategy, work has continued towards the consolidation of the Mondragon Mexico University project, run by MEI-Mondragon Educación Internacional in Querétaro.

Mondragon Unibertsitatea also trained over 7,500 professionals via its offer of post-graduate courses, its own courses and other vocational training courses, representing a 7% increase.

RESEARCH

With regard to research and knowledge transfer, the university also carried out major work in the period 2020-21. However, it must be stressed that this area was affected by the pandemic, as several companies had difficulty in maintaining their R&D effort.

In spite of this fact, the Higher Polytechnic School made a major effort to continue maintaining and fostering its collaborative research model with companies, with a view to the continuance of the long-term research programmes.

Also, the competitive projects, which include the calls by Elkartek, the Gipuzkoa Regional Government and H2020, have enabled the ongoing knowledge generation and training of the R&KT groups in scientific and technological areas in line with the needs of businesses and the Basque Country.

We would also highlight the positive results of the strategic alliance with Ikerlan, with whom the university has 4 research teams working on Electrical Storage and Management, Cyber Security, the Internet of Things and Artificial Intelligence and Power Electronics and Machines.

As a result of the calls by Ikerbasque, a new research fellow has been recruited and a total of 4 people are now contributing to strengthening the research groups in different areas at the Higher Polytechnic School.

The Faculty of Humanities and Education Science has continued its commitment to interdisciplinary collaborative research and knowledge transfer projects.

Several projects have also been launched to promote learning and teaching process transformation and the culture of innovation within the scope of educational innovation. Similarly, with regard to social innovation, numerous initiatives have been developed in collaboration with different actors.

These include developing the inter-disciplinary project MyDigicoop, sponsored by the EU and aimed at joint

promotion of educational innovation, digitisation and social and cooperative entrepreneurship.

At the Business Studies Faculty, notable progress has been made in the field of developing new business models and new digital services, and also in data monetisation for business processes. There has also been major development of projects related to the circular economy, sustainable mobility and strategic talent planning.

BCC Innovation has continued with its in-depth research lines focusing on sensory analysis, health, sustainability, culinary science and digitisation, which is the area mainly deployed at LABe, the living lab based at the Tabakalera space in Donostia.

Some of the most noteworthy projects carried out last year were the food&us European project, geared to preventing food waste, development of plant-based products and the use of culinary workshops as a tool for nutritional intervention.

In quantitative terms, in general and as a result of the COVID-19 pandemic, scientific activity has fallen to 85-90%. A total of 545 research projects and knowledge transfer activities were carried out, 141 scientific papers were published in specialist journals, 80 presentations were submitted for congresses in Spain and abroad and 126 conferences were organised.

ENTREPRENEURSHIP

To continue fostering entrepreneurship and interdisciplinarity, the third Changemaker Lab programme was run, attended by students from different faculties and degree courses, who developed projects in response to real problems.

Also, more specifically as part of the LEINN Entrepreneurial Leadership and Innovation degree course, a further 10 start-ups were also created in 2020-21 in addition to the companies set up by the students.

Other initiatives carried out were the fifth "Enpresa sortu" ("Business creation") competition, in collaboration with the Saiolan Business and Innovation Centre and MONDRAGON, the 5th Kooperatiba Fabrika programme for fostering social and cooperative entrepreneurship and the social economy, the 8th Culinary Action accelerator and numerous other actions geared to entrepreneurship development, such as the start-up of specialist courses and subjects on entrepreneurship in all the Engineering degree courses.

SOCIAL RESPONSIBILITY

Finally, the following are some of the notable projects and work carried out in the social responsibility field. With regard to equality, there has been renewal and development of the equality plans at all the university faculties and the goals and initiatives established in these plans have been worked on during the academic year, such as training and awareness-raising sessions for both staff and students, initiatives to encourage women to participate in the STEM areas, inclusion of sex and gender variables in research, etc. Additionally, the university has carried out numerous actions to promote the use of the Basque language by both the students and the workers; and with the aim of continuing to insist on standardising the use of Basque in the workplace the 10th "Ikasketa amaierako proiektuak euskaraz" ("Final degree projects in Basque") awards were organised together with MONDRAGON.

In the field of sustainability, a circular economy project of four years' duration for sustainable management of the Mondragon Unibertsitatea campuses has been launched.

Similarly, the first "Ekitatea Bultzatzen" ("Promoting Equity") project pilot experience was run, aimed at favouring and facilitating access by students in a more vulnerable situation to Mondragon University.

Despite the successive waves of the pandemic, with high incidence rates throughout 2021, the Cooperative Development and Management Centre has resumed much of its work. In order to do so it was necessary to establish strict seating capacity limitations, changes of opening hours and use of facemasks.

DIRECTIVE LEARNING

22 groups took part in programmes designed for developing leadership and relational skills. For another year, there has been demand for self-care and emotional management programmes, and they were attended by 143 people. The first programmes for developing Enriched Working Contexts were run, with the participation of 3 cooperatives. These programmes were based on deployment of 70:20:10 methodology and design of Individual Learning Plans. Important aspects were personalised support for the design and carrying out of learning activities within the work activity itself, and the importance of relational learning.

COOPERATIVE EDUCATION

This year was particularly marked by the resumption of activity in this area. The 2020 restrictions meant that many of the people who spent the year performing functions within the corporate

bodies, and also the new members, did not have the chance to receive training for their new roles and responsibilities, but once the pandemic was relatively under control this need could be catered to and a total of 69 programmes were run, attended by 1,129 people. The mixed mode course format (hands-on and online) has continued to be used for some of the programmes run.

DISSEMINATION OF THE MONDRAGON COOPERATIVE EXPERIENCE

Once again this year, mobility restrictions were a conditioning factor for the work in this area. There were visits from 47 groups and a total of 367 people, but only 72 were visitors from abroad. A total of 56 conferences were given online, attended by 5,679 people from places including Los Angeles, Seoul and Teheran, to mention but a few. As to the "Ezagutu MONDRAGON" (Know MONDRAGON") programme, its production is now practically complete. It is a combination of videos and a virtual classroom describing the characteristics of the MONDRAGON model, with explanations given by Area Managers and interviews with representatives from different cooperatives.

03 PROMOTION OF NEW ACTIVITIES

GARAIA TECHNOLOGY PARK



Garaia Technology Park is a reference community for entrepreneurship and innovation, an excellent scenario for companies, technology centres, the university and other actors and people interconnected in the Debagoiena region network to meet and interact to create opportunities, new products and/or business and, as their ultimate goal, to create wealth and qualified employment in the local area.

Its work systematically focuses on the areas of knowledge currently mastered in the surrounding environment (mechatronics, power electronics, processes, manufacturing and embedded systems), evolving towards new applications (energy efficiency, electric storage, health, the environment, mobility, etc.).

Garaia Technology Park acts as a hub and a driving force for project design, identification and development and for seeking collaborators and partners, and it manages infrastructures, provides a meeting point and a scenario for knowledge sharing and services supporting innovation, and channels entrepreneurship projects to companies potentially interested in locating in Debagoiena.

In 2021, Garaia Technology Park has continued and consolidated projects and collaborations with different local agents such as Town Councils, the Municipal Council, the Saiolan Centre, the Gipuzkoa Regional

Government, the Basque Government's Red Parke scheme and motivating enterprises in the region. New projects have been launched, always focused on entrepreneurship, innovation, science and technology, seeking to develop knowledge and the existing production base, the economic and social sustainability of the region and constant adaptation to the new reality.

As to conferences and events in the main building, 355 events were held in 2021, consisting of hands-on, online and hybrid events of various types (Garaia Enpresa Digitala, Knowledge Pills, Business Encounters, Open Day, General Meetings, Round Table Meetings, etc.). These events were attended by a total of 14,336 people, in person or online, making use of Garaia's different spaces and infrastructures which have been adapted in the last two years to respond to new needs with technological solutions.

The Garaia Technology Park, with its spaces for information sharing, is therefore an important showcase for the region's business activity and innovation. It is a meeting point and a place for collaboration, highly dynamic and open to society at large to create opportunities for all the projects and professionals in the area. Its aim is to bring science and technology, business and innovation closer to everyone.

MONDRAGON PROMOTION CENTRE

This is a private corporate platform that aims to be the driver and mobiliser of an open, intercooperative entrepreneurial ecosystem. It focuses on renewing and updating existing businesses and promoting new business activities, with a strategy of growth and achieving higher added value.

It has a team of promoters who foster the launch of new business projects from intrapreneurship initiatives, in addition to nurturing partnerships with market players and encouraging shareholdings in technology start-ups that will provide the cooperatives with value.

Its dynamics enable close involvement in the strategic plans of the different businesses and it constantly interacts with the cooperatives' business development divisions and the divisional platforms in order to lead areas of cross-cutting interest.

Its priority vision is channelled towards the environments of industrial interest and the strategic focus areas, particularly those of advanced manufacturing, energy, logistics and mobility, the circular economy, health and wellbeing.

CUSTOMIZED SERVICES

It deploys an offer of services at different stages of the process:

- Support for the cooperatives in diversification and open innovation strategies, and in structuring their areas of strategic interest to enable the long-term growth, renewal and transformation of their businesses.
- Support during the incubation process for new businesses by comparing technologies and the market, defining the minimum viable product, the value proposition, the business model and funding to build their feasibility plan.
- Presenting business opportunities that have been identified by the corporate antenna, enabling the creation of long-lasting partnerships and alliances, preferably shareholding-based.
- An interdivisional corporate node to channel incoming business projects.

- Promoting awareness-raising dynamics and/or workshops so that challenges and problems requiring speedier resolution can be identified.
- Structuring the financial, legal and corporate support for creation of the new business, at the opportunity implementation stage.

WORK DONE IN 2021

- Active presence and follow-up of 30 collaboration agreements in sector ecosystems, including private equity funds, investment forums, specialist project search programmes, events, juries, etc. (Bind 4.0, Impulso Emprendedor, Cita Emprande, B Venture, Crecer+, Keirechu, South Summit, Startup Olé, EIT Digital, EIT Manufacturing, Ascric, 4YFN, etc.).
- Holdings in 5 external business projects (Multiverse, Safe Load, Corify, Berba, Shakers), involving 6 cooperatives in this process, which covers a diversity of fields such as quantum computing, medical devices, machine translation solutions, platforms for identifying and managing projects with specialist talent, industrial teams for optimising packaging and more. This year marks the completion of a three-year period with 13 investments with shareholdings in technology-based companies.
- Launch of 7 intrapreneurship projects driven by the cooperatives and industrial divisions in different areas of interest, such as active aerodynamics in vehicles, home solutions for groups with disabilities, more efficient home comfort solutions, new solutions for off-load position feedback in the semi-conductor sector, a comprehensive offer for meeting health and social care needs in the home, a value proposition based on sustainable, healthy nutrition, etc. This year marks the completion of a three-year period during which a Feasibility Study was run for 27 projects, with 5 new businesses and 3 business units already created so far and with a further 13 projects still at the incubation stage.
- 3 business partnerships confirmed between cooperatives and technology-based companies, and 5 pilot tests worked on with 5 cooperatives to confirm a potential investment or trade interest.

- Implementation and monitoring of the interests of the cooperatives and divisions, having helped create some 20 Divisional and Corporate Promotion Committees for pooling and comparing interest in the most outstanding projects.
- Developing a methodology to aid cooperatives'

understanding of their degree of future orientation, and establishing a purposeful action plan for their improvement. This project was developed in collaboration with LKS Next and MIK.

- Launch of the Monthly Business Promotion Newsletter.

SAIOLAN



This centre, specialising in business promotion and development, is a member of the Basque Science, Technology and Innovation Network (RVCTI) and is based at the Garaia Technology Park in Arrasate (Gipuzkoa). It is one of the headquarters of BIC Gipuzkoa and it acts as a facilitator in the process of creating new innovative companies, also being an active player in the support and promotion of the entrepreneurship culture in Gipuzkoa.

One of the aspects of its work in 2021 that can be highlighted is its awareness-raising and training of entrepreneurs, with 7 courses given to 281 participants. In 2021 it addressed a total of 69 projects, either carried out by individual entrepreneurs or intrapreneurship projects. 4 technology development projects and 38 feasibility studies were run (including 19 new projects funded with aid from the Ekintzaile-Txekintek programmes).

As to new activities, 11 new businesses were created, 10 diversification projects launched and 8 start-ups included in the incubator.

In 2021 Saiolan continued as the industrial branch of the Debagoiena Development Agency, promoting the creation of spaces for collaboration between the industrial companies, encouraging their diversification with a view to transforming the region, and improving their competitive positioning. Since 2018, it has motivated the Debagoiena enterprise community, SINKRO, consisting of 27 industrial companies.

Saiolan participates in the Debagoiena 2030 collaborative project and is a member of its governing body and technical management. This is an open innovation ecosystem initiative, promoting innovative projects and initiatives with a relevant impact in the local area. In 2021 Saiolan has aided the development of 8 projects.

Within the programme "Social Economy Business Entrepreneurship: Planned Territorial Promotion of Social Economy Companies", run by the Basque Government's Social Economy Division, it has contributed to the creation of 2 new cooperatives, with start-up of new activities in 13 existing cooperatives and management of aid for 4 cooperatives affected by the COVID-19 pandemic. It also participated in organising an awareness seminar on Platform Cooperatives and was a professional jury member in the first international cooperative entrepreneurship championship, the Mondragon City Challenge.

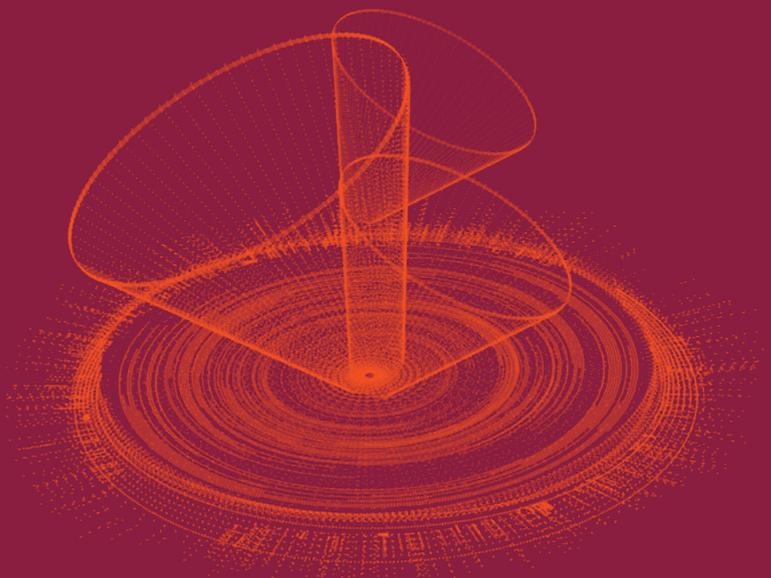
As an Innovation Mediating Agent with the RVCTI, the ELKARTEK call included developing a project called "Boosting R&D Development and Creation of Technology Spin-offs to Promote the Circular Economy for Industry", and within the Gipuzkoa Regional Government's Circular Economy programme the "OÑATI ZIRKULARRA" project was also run, with the aim of analysing and implementing circular economy solutions at companies from the Oñati municipality in Gipuzkoa province.

2021 saw the conclusion of the European project ORHI (Interreg POCTEFA), geared to contributing to the agro-food sector's evolution towards a circular economy, promoting synergies between companies, identifying innovative solutions and fostering their implementation.

Another notable aspect of its firm commitment to promoting new business is the use of its "international antenna" tool which seeks transfer of consolidated businesses from distant countries to the local business environment.

PEOPLE, HUMANITY AT WORK

MONDRAGON's business revolves around people in a democratic, fair and efficient way, focusing on financial stability and sustainable wellbeing. Aspects such as ongoing education and training, equal opportunities, gender equality, stable and adaptive employment, worker involvement and protection and social inclusion all form part of the cooperative model.



PEOPLE AS OWNERS AND WORKERS.

The people form part of a democratically governed business model that protects and implements their effective, integrated share in the capital, management and profit. Quality employment is generated in innovative sectors, leading to the creation of highly qualified jobs..

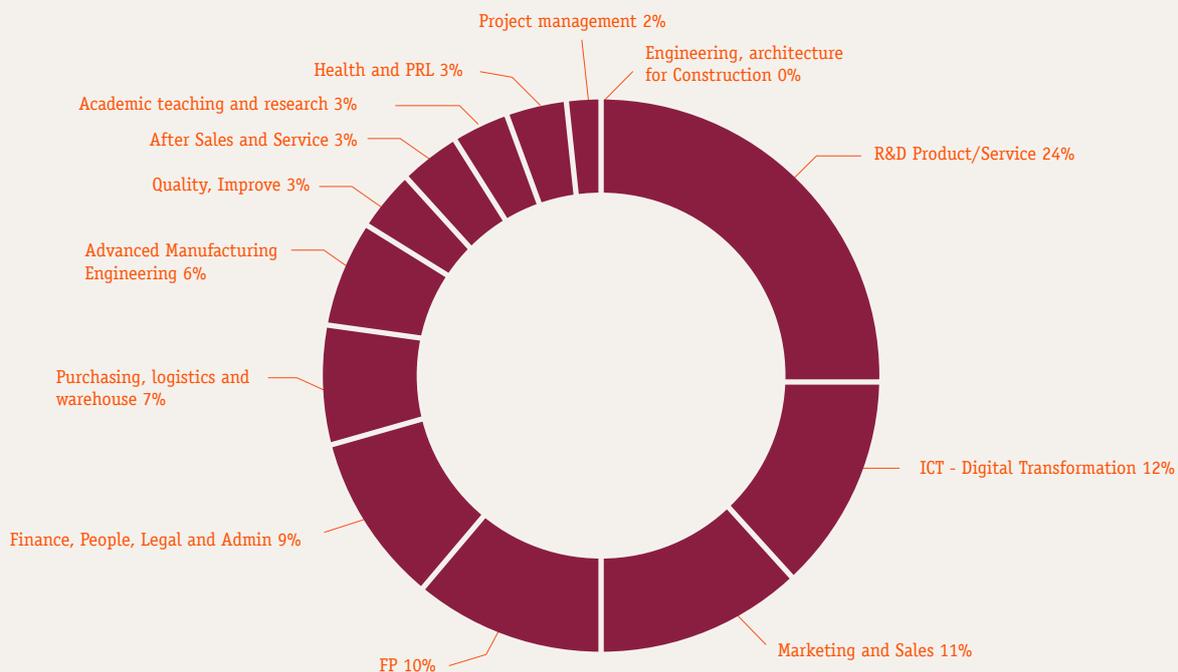
- 665 people on the governing bodies (Governing Councils), which are democratically elected.
- Job distribution: 43.1% in the Basque Autonomous Community, 38.4% in Spain, 18.5% in other countries.
- Total posts: 51.1% women; 48.9% men.

PEOPLE AND EMPLOYABILITY.

The MONDRAGON cooperatives promote talent development. They do this through strategic people planning and ongoing, action-based accelerated learning processes.

- MONDRAGON is a pioneer in providing work-study courses or dual training and its model is acknowledged as an example of good coexistence between the university and business, where working and learning go together as one. Under the dual training umbrella different formulas have been created – work placements, end-of-course projects, dual programmes and doctorate programmes – so that studying can be combined with putting those studies into practice in real projects and challenges at the cooperatives.
- In order to foster continuous, active retraining for its people, it develops innovative learning platforms and solutions between the cooperatives, Mondragon Unibertsitatea and other entities. In 2021 three learning solutions were implemented: Digital Connection, Cyber Security and Occupational Risk Prevention.
- Talent management, via the definition and launch of strategies, talent branding and developing the MONDRAGON People employment portal to manage the talent attraction and selection processes. In 2021 a total of 14,005 registrations were managed for 532 offers posted in MONDRAGON People.
- MONDRAGON promotes science and technology vocations in collaboration with educational centres and cooperatives, through international programmes such as the First Lego League or local schemes like MONDRAGON ZTIM Hub, providing comprehensive guidance and development for STEAM skills and vocations together with Mondragon Unibertsitatea.

**DEMANDED PROFESSIONS IN 2021 ACCORDING TO
JOB OFFERS POSTED IN MONDRAGON PEOPLE:**



*(Infograohic number 01)

PEOPLE AND HEALTH

This essential management aspect is carried out by the joint prevention service Osarten, which fosters a culture of prevention and people’s wellbeing.

- Over 50% of the cooperatives have a Workplace Health and Safety System (ISO 45001), accounting for 55% of the people.
- In 2021 a total of 9,191 people were trained in workplace safety and prevention.
- Accidents: the number of accidents causing more than one day’s absence from work per 1,000 workers is 23.52 for the industrial cooperatives, as compared to 60.36 in the Basque Autonomous Community as a whole.

PEOPLE AND SOCIAL WELFARE COVER.

The people are protected by a system created to provide social assistance and welfare to its members and beneficiaries (LagunAro), including vital aspects such as retirement, widowhood and permanent disability, employment support, temporary disability, health assistance and family allowances (maternity and paternity leave, risks in pregnancy, lactation, etc.).

- 28,228 active members (46.2% women) with a total of 56,799 beneficiaries (active members and their children).
- There has been an exemplary response from the cooperatives overall, maximising and maintaining the number of relocations with an average of up to 648 a month. 157 solutions were provided during the year, with 36 permanent relocations, 50 early retirements, 50 paid voluntary redundancies and 21 terminations for other reasons (leave of absence, retirement, permanent disability, etc.).

- €26.84m generated for the Employment Assistance Allowance in 2021 (accumulated fund: €105.15m). The purpose of this Fund is to sufficiently guarantee coverage in future crises affecting jobs.
- LagunAro Assets Fund 2021: €7,326,330,000, earmarked for funding pensions.

PEOPLE, DIVERSITY AND INCLUSION

diversity and inclusion (with regard to gender, culture, etc.) are ethical and responsibility-related aspects, but they are also elements that can offer a competitive advantage and a positive impact in areas such as talent capture, customer focus, worker satisfaction or innovation and creativity.

- The MONDRAGON Gender Equality Forum, created in 2021, has fostered reflection on people management from a gender perspective, and also knowledge exchange and success cases in the cooperatives' development of gender plans.
- As to the actual figures, 29% of the members of the governing bodies and 26.8% of the members of the Boards of Directors are women.
- 60% of the cooperatives have Gender Plans at their organisations, with this percentage accounting for 90% of total sales.

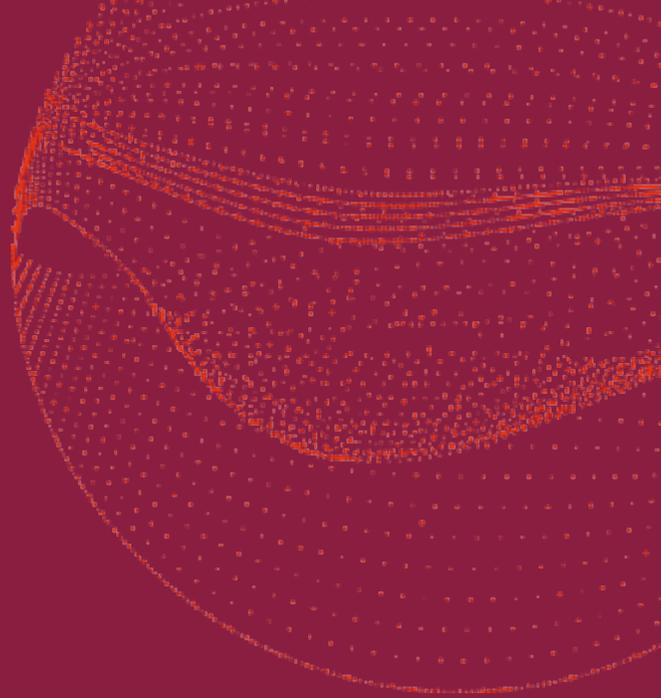
PEOPLE AND THE BASQUE LANGUAGE:

we continue to make the necessary progress towards the use and standardisation of the Basque language at our cooperatives, an aspect that has always been fostered at many of the MONDRAGON cooperatives. Our main lines of action are including linguistic criteria in the systems, building an inter-cooperative communication network and structuring a dynamic organisation led by the divisions and the Corporate Centre.

- In 2021 a new strategy was approved by the Basque Language Forum. Its mission is for "Basque to be the main working language used at the cooperatives and, within social responsibility, for MONDRAGON to be a benchmark for standardisation of the Basque language in the workplace".
- 60 cooperatives are developing Basque language plans or systems, and a total of 53 have obtained the BIKAIN language management quality certificate awarded by the Basque Government.

OUR PLANET, A COLLECTIVE CHALLENGE

The fight against climate change requires firm, coordinated steps forward and the involvement of all the actors in this challenge. MONDRAGON wishes to inspire all the cooperatives and their value chain, together with other types of organisations, for inclusion in this process. These are some of the management areas that can help tackle the climate challenge:



01

ENVIRONMENTAL MANAGEMENT

MONDRAGON's climate commitment involves fostering a social and cooperative model that will promote climate awareness throughout its entire value chain. As an active player in climate transition to a decarbonised society, it integrates analysis of the environmental impacts of the cooperatives' activity and collaborates with all their stakeholders wishing to leave a better legacy for future generations.

- More than 75% of sales have ISO 14001 environmental management system certification. 4 cooperatives have the Ecodesign certificate (ISO 14006) and 3 have the ISO 50001 energy management certificate.
- As to the impacts of the MONDRAGON organisations:
 - The ATEGI central purchasing unit managed the purchase of 840 gigawatts for the cooperatives in 2021, 80% of which came from renewable energy sources.
 - The Corporate Carbon Footprint (scope 1 and 2) has been calculated for 80% of the cooperatives' overall sales. The automotive sector cooperatives now also have scope 3

02

SUSTAINABLE MOBILITY

The cooperatives optimise distribution of their products in coordination with the customers. Consequently, they implement new low-carbon forms of logistics distribution, encouraging sustainable transport solutions and minimising the possible impact on the movement of people and products.

- In 2021, EROSKI won its first Lean & Green star for reaching the target of 20% less CO2 emissions in its logistics and transport processes.
- Over 50 cooperatives are developing mobility plans for travelling to the work centres.

03

ENERGY DECARBONISATION

The cooperatives continue to evolve and innovate their production model to minimise the impact of their production centres, encouraging the use of energy management platforms to optimise consumption and promoting the use and local self-supply of renewable energies to speed up the energy transition in the regions where the cooperatives work.

- Energy efficiency projects with various measures for energy savings and for preventing greenhouse gas emissions.
- Renewable energy generation projects
 - Ekiola, energy communities for generation and consumption of 100% green local energy. 12 cooperatives have already been established in different areas of the Basque Autonomous Community.
 - Installation of photovoltaic panels on roofs of industrial buildings (foto Ikerlan o M Assembly)
- Completion of the European project SmartEnCity in the Coronación district of Vitoria-Gasteiz, with energy rehabilitation of 1,313 homes, renovation of streets and squares and implementation of sustainable mobility solutions.
- Knowledge generation: through Degree and Master's courses at Mondragon University, such as the Inter-University Master's Degree in Hydrogen Technologies.

04

CIRCULAR ECONOMY

MONDRAGON and the cooperatives are evolving towards activities that will reduce residual flows and favour a balanced use and availability of resources. Circularity and eco-innovation solutions are also implemented to optimise use of resources and landfill waste disposal in their activities.

- Together with the cooperatives Cikautxo and Maier, the Corporation collaborates on the European project Primus for creation of added-value technology products from recycled polymers.
- Copreci and PlanetCare have signed a sea protection partnership agreement. Both companies are proposing a solution to combat the widespread presence of microplastics in marine fauna.
- Through the European project CircThread, MONDRAGON is promoting a digital identity platform for household applications, making them genuinely sustainable.

+75%

Sales with environmental management certificates

+50

Cooperatives with mobility plans

80%

Energy purchased from renewable sources

12

Cooperatives created for generation and consumption of totally green energy

GOVERNANCE, BUSINESS DEMOCRACY

MONDRAGON's governance model guarantees transparent decision-making, management and accountability to all members. It is a democratic, inclusive business approach, with owner-workers participating in the management to create competitive, sustainable projects.



DEMOCRATIC ELECTION OF GOVERNING BODIES

All the people who participate on the governing bodies and in the management of the cooperatives are elected democratically. The elections are held in accordance with a one person, one vote system, regardless of the voter's position at the company. Diversity is an ally in this regard, as it brings different perspectives and areas of expertise to the Governing Council, facilitating a global vision better aligned with the organisation's long-term value generation.

- 665 people currently participate on the cooperatives' governing bodies, 29% of them women.

COOPERATIVE TRAINING

this is a very important area, focused on reinforcing the identity-based aspects of the model and nurturing the all-round development of the people involved in the project.

- In 2021, 11,703 hours of cooperative training were given to new members and governing bodies.

ETHICS AND TRANSPARENCY

Another essential aspect of the model. This governance is based on trust and a management ethic backed by cooperative vision and leadership, the use of internal staff promotion criteria and approval of the management and results by all the members of each cooperative, and it occurs against the backdrop of a cooperative culture of shared responsibility ensuring ethical and legal conduct within the organisation.

- Meetings are held each month by the governing bodies (Governing Council, Company Council, Deputies Committees, etc.) to monitor management issues and institutional aspects.

COMMUNICATION

The cooperatives have defined their own communication channels and supports to provide all the necessary information for their stakeholders: worker-members, supplier companies, customers and institutions. Internal communication at the cooperatives is very important.

- There are a variety of communication channels – collaborators’ meetings, meetings of the governing bodies, informative talks, etc. – and numerous communication supports such as in-house magazines, newsletters, minutes, notifications and reports.
- A digital ecosystem provides visibility of the cooperatives in channels such as Twitter, LinkedIn, Instagram, Facebook, YouTube, Vimeo or Flickr.
- 31 cooperatives (accounting for 94% of sales) issue annual reports that provide backing by documenting all the information, action and relevant landmarks in a single channel.
- Cooperative dissemination: MONDRAGON opens its doors to people from all over the world who want to visit and get to know the Cooperative Experience. Despite the COVID-19 mobility restrictions, 47 visits were organised in 2021 for 378 people (306 from Spain and 72 from abroad), and 56 online conferences were held for a total audience of 5,697 people.

THE MONDRAGON CONGRESS:

More than 650 representatives (39% women) from all the cooperatives meet annually at the Congress. It is a body that decides on the general guidelines or criteria governing MONDRAGON. The concept of “self-governance”, implemented through shared responsibility and the association of people within a working organisation, reflects the basic aspiration of cooperative governance.

PRINCIPLES

- **Free adhesion** MONDRAGON is open to anyone who accepts our Principles.
- **Democratic organisation** A one person, one vote system for election of the cooperative’s governing bodies and for deciding on the most important issues.
- **Sovereignty of Labour** Profit is allocated on the basis of the work contributed by each member in order to achieve this profit.
- **Instrumental and subordinated nature of capital** The capital factor is a necessary resource, but it does not confer the right to vote and its stake in the profit is limited and subordinated to labour.
- **Participation in the management.** People’s responsible involvement in managing the business.
- **Wage solidarity** In accordance with the cooperative’s real possibilities, and equitable at an internal and external level and for MONDRAGON.
- **Inter-cooperation** As a mechanism for solidarity between cooperatives and business efficiency.
- **Social transformation** Commitment to the supportive, sustainable development of our local area.
- **Universality** In solidarity with the promoters of economic democracy within the Social Economy, embracing the goals of the international cooperative movement.
- **Education** Promoting people and the cooperative culture, allocating human and financial resources to the cooperative and professional education of the members and of young people in general.

VALUES

- **Cooperation:** Owners and key players.
- **Participation:** Management commitment.
- **Social Responsibility:** Fair distribution of wealth.
- **Innovation:** Constant renewal.

Also, within the framework of the Cooperative Principles and its own experience, MONDRAGON fosters the values of self-demand and shared responsibility, inter-cooperation, social transformation and good cooperative governance practice.

MONDRAGON BODIES

Standing Committee

Chairwoman: Leire Mugerza (Retail)

Vice-Chairwoman: Jone Urzelai (Construction)

Secretary: Amets Ugalde (Corporate Centre)

Committee members

Alustiza, José Antonio (Finance)

Amezaga, Javier (Retail)

Aspe, Aitor (Automoción CHP)

Calvo, Ibon (Ulma Group)

Carabel, Rosa (Retail)

Díaz de Gereñu, Lander (Ulma Group)

Egibar, Xabier (Finance)

Etxegoien, Cristina (Components)

Gabilondo, Ruben (Equipment)

Kortabitarte, Koldo (Automoción CM)

Larrañaga, Andoni (Industrial Automation)

Larrea, Mikel (Retail)

Lizarazu, Oier (Lifts)

Luquita, Klaudia (Engineering and Services)

Martínez, Juan José (Automoción-CHP)

Mazquiarán, Andrés (Machine Tools-Danobat Group)

Ozerinjauregi, Xaber (Tools and Systems)

Sarrionandia, M^a Asun (Knowledge)

Vaz, Mónica (Components)

GENERAL COUNCIL

President: Iñigo Ucin

Vice-Chairpersons

Txomin García. Finance

Agustín Markaide. Retail

Iñaki Gabilondo. Ulma Group

Aitor Azkarate. Lifts

Javier Oleaga. Components

Juan Mari Palencia. Automoción CHP

Pello Rodríguez. Machine Tools Division

Belén Kortabarria. Head of Financial Management

Zigor Ezpeleta. Head of Social Management

Amets Ugalde. Secretary

MONDRAGON AND THE SDGS

The cooperatives encourage a responsible, democratic, sustainable business model. People and teams cooperate to create competitive businesses, improve people's lives and respond to the new challenges of society such as the Sustainable Development Goals. The idea is to leave the future generations a better development model for people and the planet.

The cooperatives work to develop technologies that are the best in the world and the best for the world: decarbonised industries, zero waste, with high value-added products and services and quality employment.

They also cooperate with social stakeholders and local authorities, promoting innovative infrastructures and social initiatives that will enable a balance to be achieved between economic growth, environmental protection and social wellbeing.



SOCIAL ACTION BY MONDRAGON'S FOUNDATIONS

AUSOLAN FOUNDATION

This Foundation was created to ensure that vulnerable groups have access to healthy, sufficient and sustainable food, helping educate families about healthy lifestyle habits and environments, and also to foster women's technical and professional training to help them access decent employment.

GAZTEMPRESA FOUNDATION

A leading foundation for business creation and for fostering entrepreneurship in the Basque Country, its aim is to support initiatives and carry out work that will help create and safeguard jobs. In 2021 it created 278 companies and generated 547 jobs. A total of over 6,000 companies have been aided by this Foundation to date.

GIZABIDEA FOUNDATION

A not-for-profit organisation created to promote cooperative education, it supports the development of educational infrastructures in Debagoiena (Gipuzkoa) in order to provide an innovative cooperative response to society's future challenges.

GSR FOUNDATION

This entity's main goal is to set the standards for friendly, welcoming, respectful and innovative people management for dependent people with special needs.

EROSKI FOUNDATION

The Eroski Foundation carries out numerous social action initiatives, mainly connected with promoting healthy lifestyle habits, consumer education, environmental protection and solidarity.

LEARTIBAI FOUNDATION

Committed to economic development, this is a local development entity that aims to boost the business fabric of the Lea-Artibai area in Bizkaia province, in collaboration with public and private actors.

MUNDUKIDE FOUNDATION

A Foundation created for cooperation with the countries of the South, sharing experiences, resources and cooperative know-how to promote their self-managed comprehensive development.

MONDRAGON FOUNDATION

Within the scope of the MONDRAGON cooperatives, it promotes the social economy, fostering social, cooperative and professional training and also research and development geared to helping the cooperatives advance in technology.

ORONA FOUNDATION

This Foundation aims to create a meeting place with educational, social, cultural and socio-economic actors in order to share knowledge and experience, boosting society's development.

ULMA FOUNDATION

This is a Foundation that aims to boost the Social Economy and promote cultural, social, charity and welfare activities. It is also committed to socio-cooperative and professional education and training and informing of the characteristics of the cooperative system in its local area.



HUMANITY AT WORK

www.mondragon-corporation.com