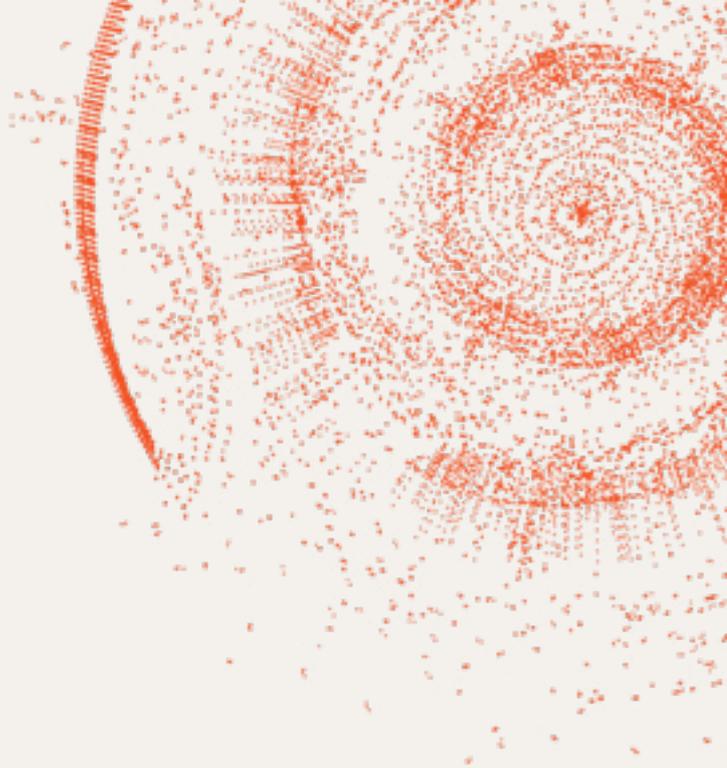


LETTER FROM THE PRESIDENT



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.”

The year 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 continues to yield 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.



Iñigo Ucín
President of MONDRAGON's General Council

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”.

At the MONDRAGON cooperatives, three key ideas prevail – people, cooperation and values. These are the hallmarks of their business approach, and 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 the people forming part of this project have shown that we know how to build more competitive enterprises, in a more cooperative way.



Leire Mugerza
*Chairwoman of the Standing Committee
and the MONDRAGON Congress*

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, employs 80,000 people and 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.

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:** We carry out a democratic participation in which one person represents one vote; we are participative in management, ownership and results. And we have a transformative vocation, creating shared value and committed to changing society.
- **Sustainable quality employment,** with fair conditions, balanced wages and opportunities for ongoing training and promotion.
- **Wage equality.** With 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.
- **Inter-cooperation ecosystem.** Between cooperatives, divisions and other entities, aimed at creating new opportunities and increasing the resilience of the business projects.
- **Rooted enterprise.** Committed to developing the local environment, with the decision-making centres based in their place of origin.

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



CONSTANT COMPETITIVENESS AND INNOVATION

Finance, Industry, Retail and Knowledge are the MONDRAGON Cooperatives' areas of business. The cooperatives' well-proven innovation capacity and constant adaptation have been vital to their creation of more competitive, sustainable businesses, and the trends in 2021 have confirmed this strategic commitment.

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.

RETAIL

This Area consists of the Eroski Group, whose core activity is retail trading, and Erkop, an association of five agri-food sector cooperatives. The retail division in general ended 2021 with net sales of €5.387bn and a total average staff of 37,832 people.

- **Eroski Group.** The Eroski Group's net income in 2021 totalled €5.116bn, with €105m net profit and a major €443m reduction in its financial debt.
- **Erkop.** Erkop's sales totalled €271m, it posted €1.6m profit and it had a staff of 8,981 people.

INDUSTRY

Positive overall evolution of MONDRAGON's Industrial Area.

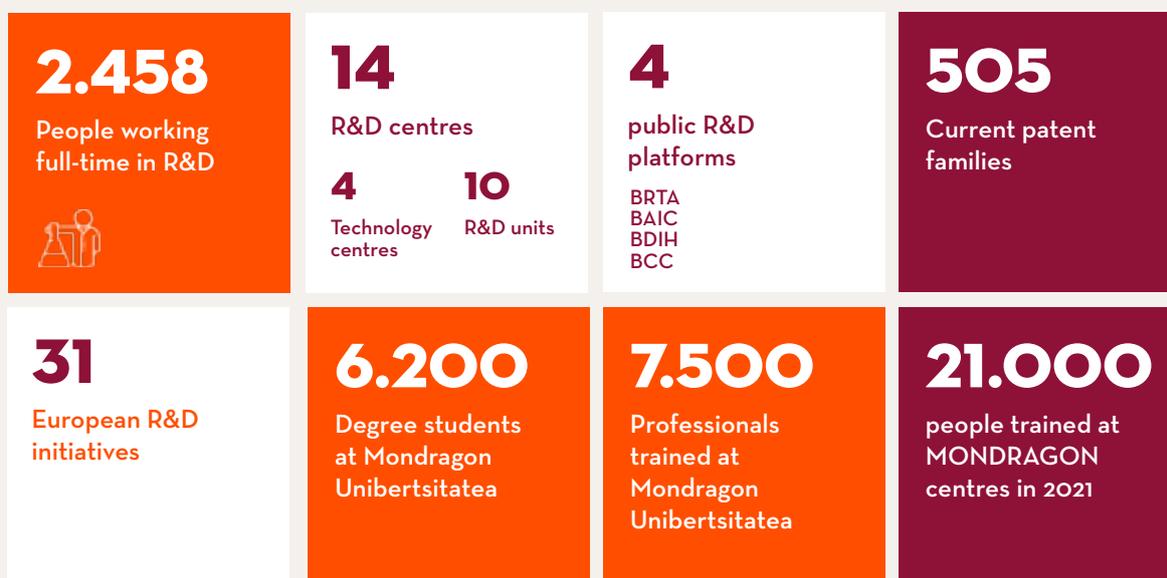
- **Sales.** €6.017bn, 14.2% higher than the previous year. International sales totalled €4.314bn, accounting for 72% of all sales.
- **Employment.** An average of 38,076 jobs in the industrial divisions, a similar figure to the previous year.
- **Investment.** €240m, 24.7% higher than the previous year.
- **Profitability.** €392m of net profit was posted in 2021, thanks to the cooperatives' adjustments and efforts throughout the pandemic.

KNOWLEDGE

This area consists of several education centres – Arizmendi Ikastola, Lea Artibai Ikastetxea, Txorierrri Politeknika Ikastegia and Mondragon Unibertsitatea – and the technology centres and R&D units. It employs a total of 1,515 people and its budget is around €125m.

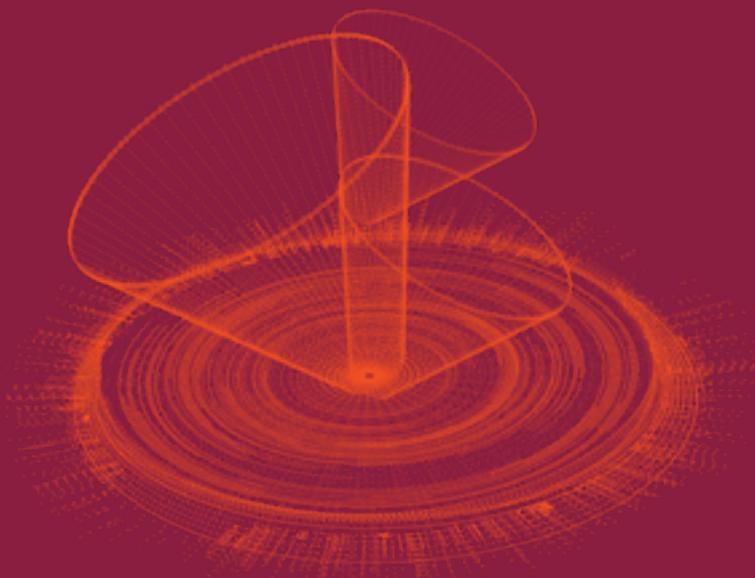
In 2021 various initiatives were launched to further MONDRAGON's scientific and technological leadership, its innovation capacities and several promotion activities and new business developments.

THE FIGURES OF KNOWLEDGE IN MONDRAGON



PEOPLE, HUMANITY AT WORK

MONDRAGON's business revolves around people in a real, democratic 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

With the business model protecting and implementing their effective, integrated share in the capital, management and profit.

PEOPLE AS WORKERS

With quality employment vouched for by the fact that they work in innovative sectors, leading to the creation of highly qualified jobs.

PEOPLE AND EMPLOYABILITY

The cooperatives help develop talent through strategic people planning and ongoing, action-based accelerated learning processes.

PEOPLE, DIVERSITY AND INCLUSION

Diversity and inclusion are ethical and responsibility-related aspects, but they can also offer a competitive advantage in aspects such as talent capture, customer focus, worker satisfaction or innovation and creativity.

PEOPLE AND HEALTH

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

PEOPLE AND SOCIAL WELFARE COVER

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

PEOPLE AND THE BASQUE LANGUAGE

MONDRAGON continues to progress with the use and standardisation of the Basque language, an aspect it has always promoted and in which the cooperatives have become a reference point.

PEOPLE AT THE CORE

- **Job distribution:** 43.1% Basque Autonomous Community; 38.4% Spain; 18.5% International.
- **Of total posts:** 51.1% women; 48.9% men.
- **Talent:** In 2021 a total of 14,005 registrations were managed for 532 offers posted in the employment portal MONDRAGON People.
- **Accidents:** 2021: 30.15 (Osarten) as compared to 60.36 (Basque Autonomous Community), for the ratio of accidents causing more than one day's absence from work per 1,000 workers.
- **Employment support:** €26.84m generated in 2021; a total accumulated fund of €105.15m to sufficiently guarantee that future employment crises can be tackled.
- 29% of the members of the **governing bodies are women**, and the figure is 26.8% for Boards of Directors.
- 60 cooperatives are developing **Basque language plans** and a total of 53 have obtained the BIKAIN language management quality certificate awarded by the Basque Government.

Accident rate

23,52

as compared to 60.36 in the Basque Autonomous Community overall

Employment Fund

26,84 M€

generated in 2021

29%

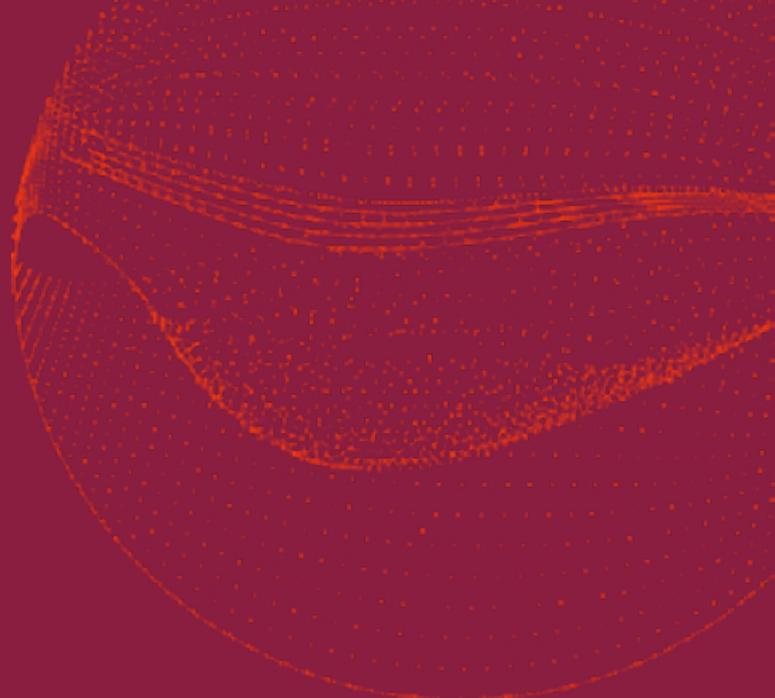
women in the governing bodies

60

Basque language promotion plans

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 the 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.

02

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 the cooperatives work in.

03

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.

04

SUSTAINABLE MOBILITY

The cooperatives optimise distribution of their products in cooperation 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.

FOR A SUSTAINABLE PLANET

- More than 75% of sales have ISO 14001 environmental management system certification. Four ISO 14006 Ecodesign certificates and two ISO 50001 energy management certificates.
- The ATEGI central purchasing unit managed the purchase of 840 gigawatts for the cooperatives in 2021, 80% of which came from renewable energy sources.
- In 2021, EROSKI won its first Lean & Green star for reaching the target of 20% less CO2 emissions in its logistics and transport processes.
- 12 “Ekiola” cooperatives have been created as energy communities for the generation and consumption of 100% green local energy.
- Copreci and PlanetCare signed a sea protection partnership agreement. Both companies are proposing a solution to combat the widespread presence of microplastics in marine fauna.
- Over 50 cooperatives are developing mobility plans for travelling to the work centres.

+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.

01

A PROJECT WITH PRINCIPLES AND VALUES

The Cooperative Experience arose from values such as cooperation, participation, shared responsibility, social responsibility, self-imposed standards of excellence and innovation. Its principles refer to aspects such as democratic organisation (one member, one vote), sovereignty of labour (a fairer distribution of profit, in accordance with the work contributed), wage solidarity (on a scale of 1 to 6) or inter-cooperation (with mechanisms for solidarity and business efficiency).

03

COOPERATIVE TRAINING

A very important aspect focused on reinforcing the model's identity-based aspects and aiming to boost the all-round development of the people forming part of the project.

02

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.

04

ETHICS AND TRANSPARENCY

Cooperative governance is based on trust and a management ethic backed by cooperative vision and leadership, the use of internal staff promotion criteria and the approval of the management and results by all the members of each cooperative.

05

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.

06

THE MONDRAGON CONGRESS

650 representatives from all the cooperatives meet annually at the Congress. This body 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.

COOPERATIVE GOVERNANCE

- 665 people are democratically elected as the members of the cooperatives’ governing bodies.
- In 2021, 11,703 hours of cooperative training were given to new members and governing bodies.
- 31 cooperatives (accounting for 94% of sales) draw up annual reports that provide backing by documenting all the information, action and relevant landmarks in a single channel.

11.703

Hours of cooperative training

665

Democratically elected members of governing bodies



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