

MONDRAGON

HUMANITY AT WORK

2022 ANNUAL REPORT

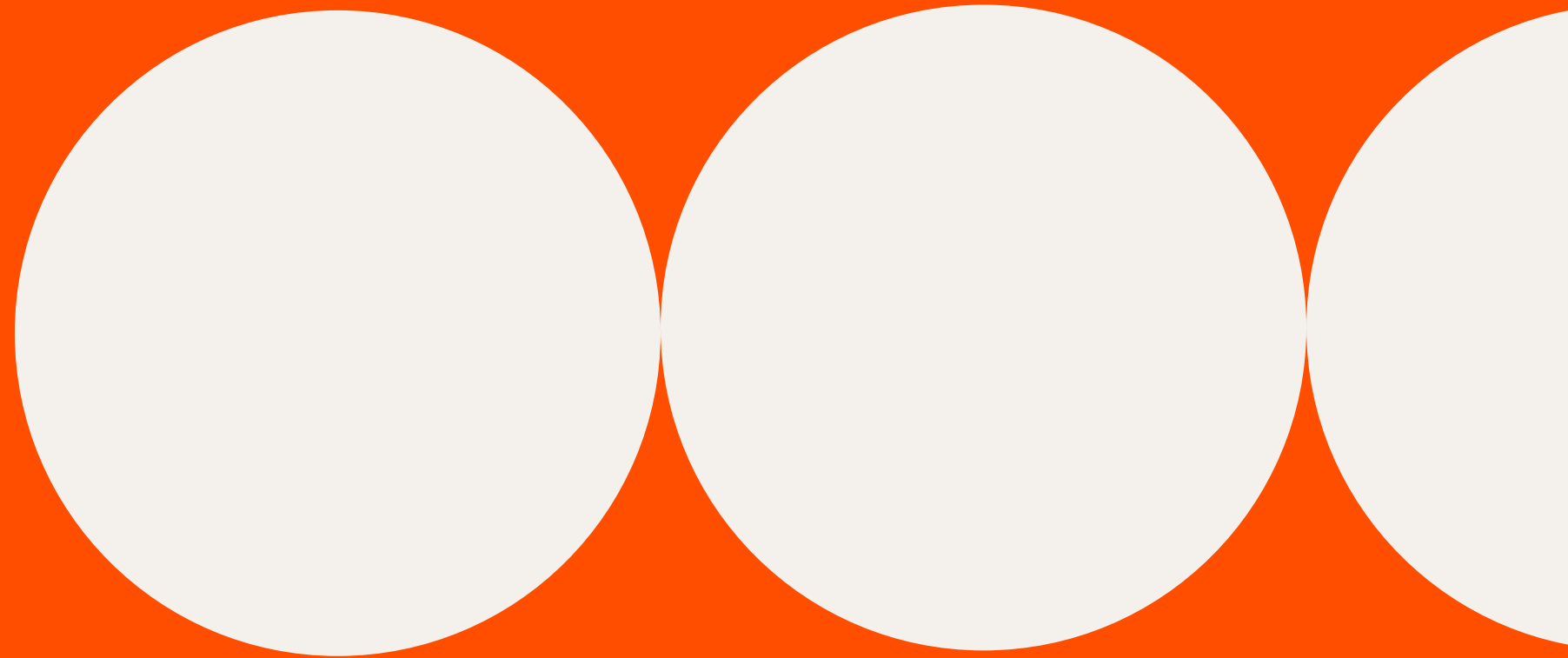


CONTENTS

01	LETTER FROM THE PRESIDENT	→
02	MONDRAGON, A DIFFERENT EXPERIENCE	→
03	CONSTANT COMPETITIVENESS AND INNOVATION	→
04	PEOPLE, HUMANITY AT WORK	→
05	PLANET, A COLLECTIVE CHALLENGE	→
06	GOVERNANCE, BUSINESS DEMOCRACY	→
07	MONDRAGON AND THE SDGS	→

01

LETTER FROM
THE PRESIDENT



LETTER FROM THE PRESIDENT

**2022: POSITIVE**

Iñigo Ucin
President of MONDRAGON's General Council

“In a very complex scenario, the 2022 financial year followed the same line of growth as in 2021. This speaks volumes about the adaptability of our businesses to the current uncertain times and the commitment of the people in our co-operatives”.

Despite these circumstances, the assessment of the 2022 financial year is positive. Both the Industry and Distribution divisions had a good year, despite the complexity that prevailed, especially due to the war in Ukraine and its consequences in terms of increased energy and raw material costs, as well as problems in the logistics chains. In the Finance area, Laboral Kutxa ended the year with a very positive improvement and the Knowledge area, with our university at the forefront, also performed favourably.

It can therefore be said that, in a very complex scenario, the 2022 financial year followed the same line of growth as in 2021.

**2022: IN COOPERATION**

Leire Mugerza
Chairwoman of the Standing Committee and the MONDRAGON Congress

“Inter-cooperation has been a defining feature that has shaped the character of the MONDRAGON Co-operative Experience and we believe that it will continue to occupy a preferential place in the design of its future”.

2022 was a year in which we strongly emphasised the value of inter-cooperation. We understand that this collaborative attitude is essential to build a fairer, more inclusive and sustainable society, where collective well-being is promoted and common challenges are effectively addressed.

We are fully convinced that this factor has been a defining feature that has shaped the character of the MONDRAGON Co-operative Experience and we believe that it will continue to occupy a preferential place in the design of its future.

02

MONDRAGON, A DIFFERENT EXPERIENCE

Recognised for its human dimension, its social impact and its competitiveness.



COOPERATION AND COMPETITIVENESS

MONDRAGON is structured into four business areas: Finance, Industry, Distribution, 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), 12 R&D centres and numerous industrial and retail enterprises.

Today it is made up of 81 autonomous and independent cooperatives, employing around 70,000 people, and it is recognised for its human dimension, its social impact and its 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.

70,000
PEOPLE

81
COOPERATIVES

12
R&D CENTRES

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.

- **A different way of doing business:** Democratic: one person, one vote; participative, in management, ownership and results; and transformational: it creates shared value and is 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 2022 IN NUMBERS



COOPERATIVES BELONGING TO MONDRAGON



01

02

03

04

05

06

07



03

CONSTANT COMPETITIVENESS AND INNOVATION

Finance, Industry, Retail and Knowledge are the
MONDRAGON Cooperatives' areas of business.





FINANCE

Good performance of LABORAL Kutxa's businesses, which continues to lead in terms of solvency. LagunAro has been affected by the downturn in the financial markets and its collective of active LagunAro mutualists amounts to 29,881 and there are now 15,409 people who receive a monthly pension from the entity.



KNOWLEDGE

This area consists of several education centres *Arizmendi Ikastola, Lea Artibai Ikastetxea, Politeknika Txorierra and Mondragon Unibertsitatea* and the technology centres and R&D units. They employ a total of 1,515 people and have a budget of close to 125 million.

Throughout 2022, various initiatives were launched with the aim of boosting MONDRAGON's scientific and technological leadership, its capabilities in innovation, as well as a number of activities to promote and develop new businesses.



DISTRIBUTION

This Area consists of the Eroski Group, whose core activity is retail trading, and via Erkop, a second-tier cooperative made up of five cooperatives in the agri-food sector. Overall, the distribution division ended 2022 with net sales of 5,759 million euros and an average total workforce of 37,580 people.

- **Eroski Group.** Net income for 2022 reached 5,476 million euros, with a net profit of 64 million euros and a reduction in its financial debt of 44 million euros.
- **Erkop.** Its sales reached 283 million euros, the result was 6.1 million euros and it employed 9,610 people.



INDUSTRY

Positive overall evolution of MONDRAGON's Industrial Area.

- **Sales.** 4,848 million euros, 15.6% higher than the previous year and international sales of 3,648 million euros, accounting for 75% of total sales.
- **Employment.** An average of 27,316 jobs in the industrial divisions, 395 more than in the previous financial year.
- **Investment.** 197 million euros, 22.5% more than in the previous year.
- **Profitability.** The net result for the last financial year was 222 million, slightly higher than in the previous year.

MONDRAGON'S KNOWLEDGE IN FIGURES

People working full-time in R&D

2,132



R&D centres

12

10

R&D units

4

Technology centres

Public R&D platforms

4

BRTA
BAIC
BDH
BCC

Iniciativas europeas de I+D

31

Undergraduate students at Mondragon Unibertsitatea

6,326

professionals trained at Mondragon Unibertsitatea

8,338

families of patents in force

393

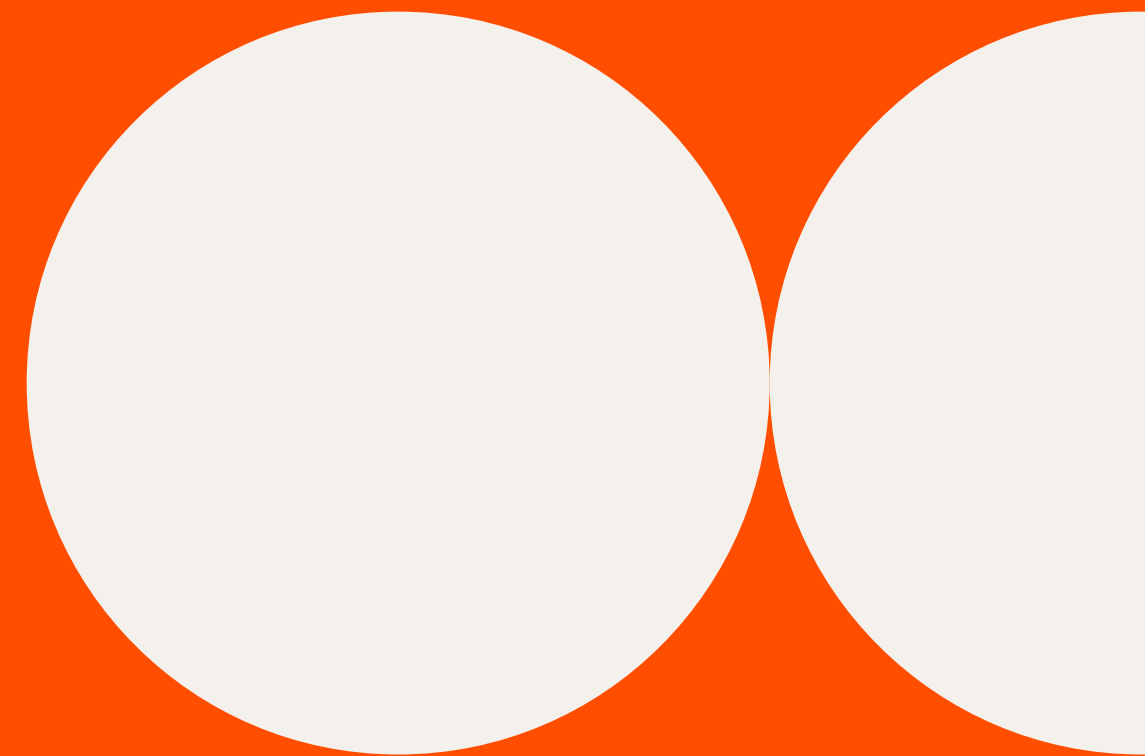
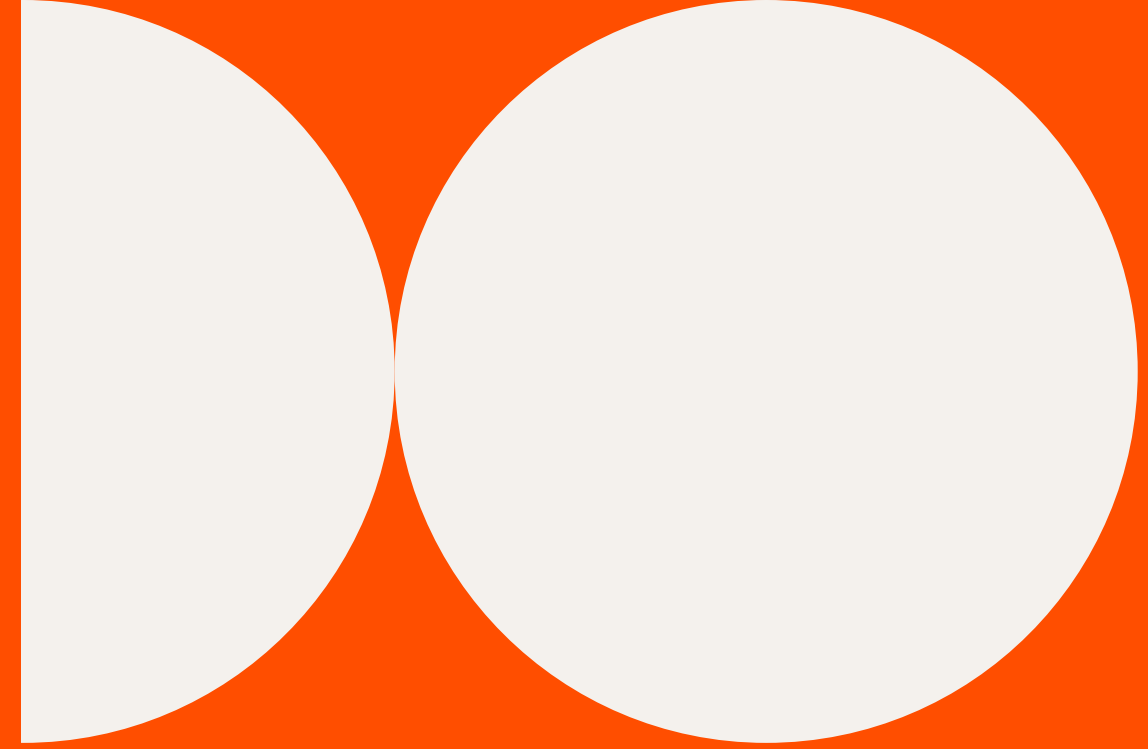
people trained at MONDRAGON educational centres in 2022

21,000

04

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, HUMANITY AT WORK

PEOPLE AS OWNERS AND WORKERS

People in a business model that protects and implements the effective and inclusive participation of people in ownership, management and profitability, which results in quality employment.

PEOPLE AND EMPLOYABILITY

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

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, DIVERSITY AND INCLUSION

Diversity, inclusion and social justice are inherent values in our model. Equal opportunities, gender equality, participation, transparency and ethics generate a culture that promotes higher levels of commitment and proactiveness.

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.

MONDRAGON AND PEOPLE

- **Job distribution:** 43.8% in the Basque Autonomous Community; 41.5% State; 14.7% International.
- **Total employment:** 57.2% women; 42.8% men.
- **Talent:** in 2022, 7,357 people subscribed to the MONDRAGON job alert system (on the website www.mondragonpeople.com), which managed 502 vacancies.
- **Accident rate:** in 2022, the number of accidents in industrial cooperatives causing more than one day's sick leave per thousand workers was 27.35, compared with 62.03 in the Basque Autonomous Community as a whole.
- **Employment assistance:** 10.2 million generated in 2021; the accumulated fund amounted to 126 million, to sufficiently guarantee that future employment crises can be tackled.
- 32.5% of the members of the **governing bodies are women**, and the figure is 31.7% for Boards of Directors.
- 44 cooperatives are developing **Basque language plans** and a total of 30 have obtained the BIKAIN language management quality certificate awarded by the Basque Government.

Accident rate

27.35

compared to 60.36
in the Basque
Autonomous
Community

Employment
Fund

126 M€

32.5%

Women
in governing
bodies

44

Basque language
promotion plans

05

OUR PLANET, A COLLECTIVE CHALLENGE

A critical time to successfully tackle the greatest challenge of our time: climate change. MONDRAGON aims to inspire and involve all cooperatives and other types of organisations in this process. And works on the following issues.



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 agent in the climate transition towards a decarbonised society, it integrates the analysis of the environmental impacts of the cooperatives' activities and collaborates with all its stakeholders to minimise the negative impacts and maximise the positive ones.

02

ENERGY DECARBONISATION

The cooperatives continue to evolve and innovate in their production model to decarbonise production centres, encourage the use of energy management platforms that optimise consumption and promote the use and local self-supply of renewable energies to speed up the energy transition in the regions where the cooperatives are present.

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 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.

FOR A SUSTAINABLE PLANET

- More than 75% of sales have ISO 14001 environmental management system certification. 4 ISO 14006 Ecodesign certificates and 3 ISO 50001 energy management certificates.
- In 2022, the Ategi plant managed the purchase of 610 gigawatts for the cooperatives, 70% of which came from renewable sources.
- Eroski achieved its second Lean&Green star, awarded by the Association of Manufacturers and Distributors (AECOC), for having achieved a 32.4% reduction in greenhouse gas emissions in the logistics and transport processes in 2021 compared to 2015.
- 12 “Ekiola” cooperatives have been created as energy communities for the generation and consumption of 100% green local energy.
- 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.
- 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

06

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

**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.

02

**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.

03

**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.

04

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.

05

THE MONDRAGON CONGRESS

More than 650 representatives (39% women) from all the cooperatives meet annually at the Congress, 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.

06

**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).

COOPERATIVE GOVERNANCE

573

Democratically elected people to manage the governing bodies of the cooperatives

13.092

Hours of cooperative training

- 573 people are democratically elected as the members of the cooperatives' governing bodies.
- In 2022, 13,092 hours of cooperative training were given to new members and governing bodies.
- 26 cooperatives (85% of sales) have a non-financial reporting system that provides support for documenting all information, actions and relevant milestones in a single channel.

LARGEST EMPLOYER IN THE AUTONOMOUS COMMUNITY OF THE BASQUE COUNTRY (CAPV)

And one of the most important in the country.

60,000

Jobs in Spain

10,000

Jobs abroad

43.8%

CAPV

41.5%

NATIONAL

14.7%

INTERNATIONAL

07

MONDRAGON AND THE SDGS

The cooperatives encourage a responsible, democratic, sustainable business model. The ambition 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.

[+ INFO](#)

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.

[+ INFO](#)

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 2022 it created 314 companies and generated 637 jobs. A total of over 6,000 companies have been helped by this Foundation to date.

[+ INFO](#)

EROSKI FOUNDATION

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

[+ INFO](#)

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.

[+ INFO](#)

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.

[+ INFO](#)

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.

[+ INFO](#)

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.

[+ INFO](#)



HUMANITY AT WORK

www.mondragon-corporation.com