

ANNUAL REPORT

2018

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LETTER FROM THE DIRECTOR-GENERAL

MONDRAGON ASSEMBLY S, Coop must define the year 2018 as a good year, in which it has managed to grow in sales and results compared to 2017.

From the standpoint of the Cooperative and defining as our main objective the “creation **of jobs that are profitable and maintainable over time, the** year 2018 has been positive. At the group level, we have created 55 new jobs, with 10 at the Aretxabaleta plant. For this reason, we can say that our contribution to the creation of wealth in our environment, as well as the annual contribution we made through our COFIP funds (about €1.2 million this year), has been creating wealth in work in our own environment.

In this same line, our commitment to the region has led us to collaborating with different local associations through monetary contributions for the purposes of financing and maintenance (UDA, Mundukide, etc.).

In terms of business, the year 2018 has also been good. At the sales level, we reached €87 million in consolidated sales, with a positive year also in results. The two figures were ground-breaking for our company, which places us in the difficult challenge of continuing to improve in the coming years.

We must not lose sight of the fact that our goal is controlled growth, which depends on our people, who are our asset. Our goal is profitability above growth. We cannot lose sight of the need to control our projects and a satisfied customer, who wishes to carry out a new project with us.

In 2018, we completed the expansion of the plant in Germany, taking its size to the maximum possible. In France, we carried out a thorough remodeling of the building and the production plant, giving the subsidiary a much more modern look, according to the technological product we manufacture.

Currently, we are a Business Group with plants in Germany, France, Mexico, China, Brazil and India, with more than 430 people working directly in our plants.

Our commitment to doing things well has been extended to become one of the first companies in the Basque Country to have certified its Integrated Management System according to the **ISO 9001: 2015**(quality), **ISO 14001: 2015**(Environment) standards, **ISO 45001: 2018**(Occupational Safety and Health), SR 10: 2015 (Social Responsibility) and UNE 19601: 2017 (Compliance, i.e. ethics in the way of doing business). These acknowledgements encourage us to keep doing

things well and always putting the HOW ahead of the WHAT. There is only one way of how to do things, that is, doing them WELL. With that principle, results should come safely.

During the year 2018, we continued to incorporate young people with whom we have a commitment to professional development in our different plants. With this objective, we have implemented a concrete training plan with each person, in which we define the objective for each of them, the person responsible for being their technical tutor during that period, and person who will be giving the feedback of your development. In this situation, we have a clear objective of recruitment and maintenance of talent. We wish to base it on the development of a powerful “Employer Brand”, which is attractive to potential candidates, and on working on their pride of belonging. This project is being developed alongside Mondragon Corporation and other cooperatives of the group, the results of which are expected in 2019.

We maintain our values of sharing projects and information with all our subsidiaries. From the standpoint of information, we maintain constant contact with all plants (a minimum of three times per year). In each visit, the status of projects and prospects for the next months is exposed. The principle of solidarity between the plants is also applied in the group.

The investment approved last year in solar panels is already operational and is allowing us to be self-sufficient in the generation of part of the energy consumption, demonstrating in our commitment to the environment and the generation of clean energy.

Looking at the year 2018, we have an aspect in which we have to continue working during 2019: the governance of the Group and the management of growth. These two aspects continue to be important in 2019, and we must continue working on them to achieve stability and security in our project. The management of shared global projects between two or more The group's plants are leading us to intensively work on the communication and transfer of knowledge between plants. 2019 is presented as a year of demanding challenges for our company: sales, projects, new customers, new additions, where each of us who work must give our best to continue being a company to which people are proud to belong.

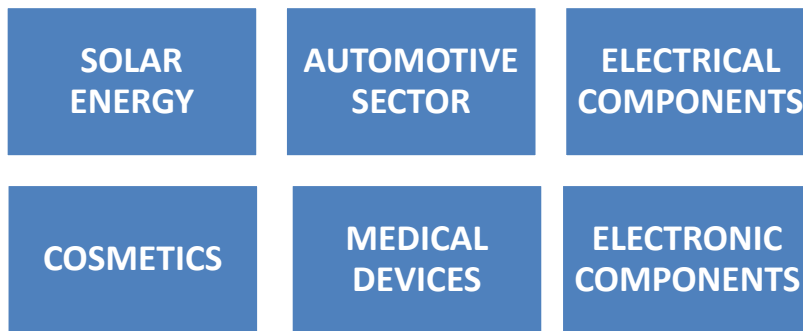
1 Introduction

1.1 About Mondragon Assembly

MONDRAGON ASSEMBLY S. COOP started its activities on 1977 April 1977. It belongs to the FAGOR group and is integrated into the Mondragon Industrial Automation Division (MIA) of MONDRAGON Corporation.

It is a company specialising in the design, manufacture and installation of a wide variety of equipment for automation of assembly processes and offering efficient, high-quality solutions with the latest technology.

Thanks to the constant success of our clients, we operate in many sectors:



In order to achieve greater closeness to clients, MONDRAGON ASSEMBLY has carried out an internationalisation process for over twenty years, and currently has the following locations through companies belonging to the MONDRAGON ASSEMBLY GROUP:







As a result of this permanent approach to the market and clients, two lines of business have been developed at the Aretxabaleta plant:

- **Solar Power Business:** It is dedicated to the turnkey delivery of machines to automate certain processes necessary for the manufacture of solar modules, as well as complete factories, integrating different technologies.
- **Special Machinery Business:** It is dedicated to the delivery of automation solutions for processes in different sectors: household appliances, medical sector, electrical components, automation, etc.

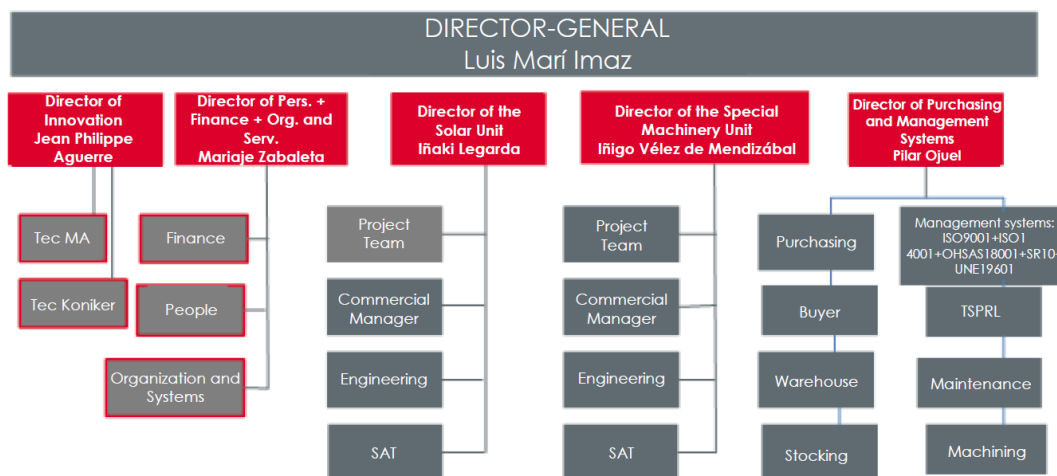
Mondragon Assembly is a cooperative that develops a responsible and sustainable business activity, which seeks profitability adjusted to a code of conduct, compliance with the law, and the creation of added value permanently for its clients and other interest groups.

Other data of interest

-  Over 425 employees around the world
-  Over €85 million in sales
-  6 production plants around the world
-  40 years of experience

1.2 Organisation chart and business structure

The organisational structure of Mondragon Assembly is as follows:



1.3 Our environment

Mondragon Assembly has identified internal and external issues that have an impact on the strategic plans and which affect our ability to achieve the expected results. Each year, a review is made and action plans are established that are channeled through the management plans. The analysis of 2018 is presented:

IDENTIFICATION OF SUBJECTS	HOW IT AFFECTS	FOLLOW-UP AND ACTIONS
LEGAL ASPECTS (external issue)	They affect changes in local, regional, state, European and even global legislation since MA operates throughout the world.	Legislative changes are followed up according to the procedure on legal and regulatory requirements. In the countries where the plants are located, they are responsible for monitoring legislative and fiscal changes.
FISCAL ASPECTS (external issue)	They affect changes in local, regional, state, European and even global legislation since MA operates throughout the world.	
TECHNICAL ASPECTS (external issue)	They affect changes in product regulations worldwide. They affect the changes induced by new technologies.	The CE regulations are monitored through Koniker and Osarten. In the case of other markets, our plants follow the regulatory changes.
MARKET ISSUES ACCORDING TO SECTORS (external issue)	They affect changes in product legislation, taxes, environmental aspects, safety aspects, etc.	A technological surveillance system is available as stated in the legal and regulatory requirements procedure.
TECHNOLOGICAL SCOPE (external issue)	It affects the evolution of technology in the different sectors in which we operate: Solar, Auxiliary Appliances, Auxiliary Auto Appliances, Automobile Tools, Electrical Tools, Medicine, New Sectors.	
COMPETITIVE CONTEXT (external issue)	It affects the appearance of competitors in all sectors and countries where we operate.	Technological vigilance (innovation).
ECONOMIC CONTEXT (external issue)	In the economic context, it affects the level and type of investments of clients, financing possibilities, salary conditions, prices of goods and services bought and sold, etc.	Follow-up from the top management: reports, etc.
CULTURAL ASPECTS (external issue)	It affects, when approaching the market, business relations, compliance with the code of ethics and policies	Continuous training of commercial and other staff. Training in multiculturalism.
VALUES AND CULTURE OF THE ORGANISATION (internal issue)	It affects the implementation of all management systems. Having trained and receptive people is fundamental for the implementation of the culture of compliance, STT, environment, Social Responsibility, quality, etc.	The mission, vision and values are defined, and there is a policy for the Integrated Management System (including compliance, SR, environment, STT, quality), code of conduct, and policies. It is disseminated through the informative talks. Every two years, the satisfaction survey of the people is carried out, and improvement plans are established. Team building and coaching at the plants in Mexico and China. Invitation of people from external plants to the General Meetings
SOCIAL ASPECTS (internal issue)	They greatly affect changes in values in society. The new generations incorporate these new values.	Listening tools by human resources, personal interviews with each person in the organisation, drawing conclusions, and establishment of action plans.
COMMUNICATION (internal issue)	The communication method affects the receptivity of people to all new initiatives, including the implementation of management systems of any kind.	This aspect is addressed as indicated in the procedure on Communication, Transparency and Participation. Monthly informative meetings and General Meetings are held annually.
WORKLOAD (internal issue)	It affects the implementation of all new activities.	Interrelationship is established with those responsible for the areas to adapt the resources to the activity (weekly planning meetings and long-term resource planning)

In the surveillance aspects of the environment, Mondragon Assembly pays special attention to legal and regulatory requirements and has mechanisms to adapt the organisation and processes to the changing requirements in these aspects:



The results of the analysis of the environment and of the internal and external issues were vital contributions for the implementation of the Strategic Plan 2017-2021 that is being developed in this period.

The most noteworthy during 2018 was the execution of the stock plan derived from the entry into force of the LOPD in May.

During 2018, many resources have also been devoted to improving information security.

1.4 Needs and expectations of the groups of interest

The fact of working the management systems has made us more aware of the importance of identifying the stakeholders. During 2017, a very important impetus was given to this aspect thanks to the requirements of the social responsibility management system that were complied with.

The management system was expanded with the procedure P26 – Identification of Interest Groups. Identification and evaluation of issues, providing a methodology to identify the stakeholders and relevant matters, prioritise issues, and assume commitments according to the resources and strategy of the company.

In the diagnosis carried out, we believe that there are many interest groups that have a constant listening and an answer to their needs and expectations through the usual procedures and systems of the company (in green). The orange colour represents the interest groups whose interests and expectations are managed through the Conduct Committee, social responsibility, and compliance.

The following table reflects the interest groups, issues identified, communication channels with them and actions that carried out in 2018 and/or are planned to be addressed in 2019:

INTEREST GROUPS	SUBJECTS (needs, expectations, etc.)	CURRENT MANAGEMENT	MEANS OF COMMUNICATION FOR RS ISSUES	ACTIONS
Customers	Fulfillment of specifications: quality, price, deadlines Design / Technical Solution Assistance / Support Achievement of objectives Competitiveness/return on investment Effective communication information Technology evolution Reliability, trust Value-added services Criminal compliance and policies: no bribery, no conflict of interest, etc.	Answered by P24, P11, P04, P25	The interviews carried out for the measurement of the peer assessment of the clients' satisfaction are used to collect the perception of relevant issues for them. Also, in meetings that arise from the relationship activities with them. Communication and information on the Web	new clients have been obtained, and greater visibility has been achieved in the solar market through presence in trade shows and conferences and on the website.
ADMON./Location	Legal compliance Licenses Improvement of the surrounding area: environment, image Creation of jobs locally Compliance with tax obligations	Management via P02 for legal requirements, P17 for improvement of the surrounding area.	Submission of annual report. Interview every three years with survey. Last one in 2018 Collecting complaints and suggestions	In 2018, the first formal interview with the mayor was held, pavilion B and the air conditioning installation were officially implemented, and an inauguration ceremony was held on a mezzanine built in 2018. The mayor, the president of the Corporation and the president of Aenor were invited to this event.
ADMO./RELEVANT AUTHORITY	Legal compliance Compliance with tax obligations Criminal compliance	P02, P25	Via Web	Publication of the annual report
MA WORKERS - Aetx.	Professional Development Generation of value and employment Safe work environment Collaborative work environment Knowledge Effective communication information Participation Solidarity Compliance with laws and agreements: equality, no discrimination, family reconciliation, etc. Compliance with labour laws, compensation agreements Criminal compliance training, compliance with the code of ethics and policies	Management through P09, P11, P13, P14, P15, P16, P18, P19, P25, P26	The perception is minimally collected through the satisfaction survey of the people, which is carried out every three years. Other initiatives may emerge according to specific action plans. Informative talks. Annual feedback. Social Council. In 2018, the psychosocial risks were evaluated.	In 2018, a new family reconciliation measure was implemented, extending the flexible opening hours until 9:30. In 2018, the existing equality plan was revised, and two important decisions were taken: Mondragon Assembly will seek parity and will apply positive discrimination when selecting personnel. An internal communication policy was developed.
MONDRAGON	Assumption of the principles, values and management model Generation of value and employment Solidarity Profitability	Communications are constant through different forums, whose content and periodicity are defined	Communications are constant through different forums, whose content and periodicity are defined	
MIA GROUPING (MONDRAGON)	Assumption of the principles, values and management model Generation of value and employment Solidarity Benchmarking, best practices	Communications are constant through different forums, whose content and periodicity are defined	Communications are constant through different forums, whose content and periodicity are defined	
OWNERS (WORKERS PARTNERS)	Generation of value and employment Financial profitability Product quality and service Growth (Sectors, Volume) Solidarity	Management through procedures P11, P23	The perception is collected minimally in the annual Meeting of the cooperative and the monthly informative talks	In 2018, variable remuneration was applied to reward everyone's effort for the good results.
FAGOR	Retributive Policy and other agreements taken at the normative level	Communications are constant through different forums, whose content and periodicity are defined	Communications are constant through different forums, whose content and periodicity are defined	
PARTNERS AND ALLIES	Common research and development Product exchange Image on the market Value added to the client Ethical collaboration and criminal compliance, compliance with the code of ethics and policies	Procedures P24, P25. Management according to need	Communications that imply the common performance of projects and during the development path of the alliance	In this chapter, the most significant aspect is the signing of an alliance with Meyer Burger in order to expand the offer to end customers.
INTERNAL/EXTERNAL CONTRACTS	Safe work environment Workload flexibility Ethical collaboration and criminal compliance, compliance with the code of ethics and policies	Management and systematics through P21 and P22	An annual interview is carried out minimally on the occasion of the evaluation of suppliers that account for 70% of the purchase order amount. In this interview feedback is given on the performance, and concerns are collected.	
SUPPLIERS	Supplying products with added value and quality Margin in products Receiving regular and reliable information Compliance with the code of ethics and policies	Management and systematics through P21 and P22		
CIVIL SOCIETY	Corporate Social Responsibility Caring for the environment and surrounding Image of MA in the surrounding area Criminal compliance	Management through P11, P17, P20, P25.	Web channel and interviews with local authorities Work has been done to ensure greater presence in the press	In 2018, an installation of solar panels was made on the roof of Mondragon Assembly. A company was hired to ensure the appropriate sorting of waste. The project of the UDA sports association, fighting against drug addiction in adolescents in the region, was implemented and is being developed. In 2019, the development of these initiatives will continue.
END USER	Reliable, safe and environmentally-friendly machine Effective service	Management through P24	Informal communication with personnel of the project and formal in follow-up meetings of the commissioning of the machine on the client's premises	Industry 4.0 is being developed to achieve connectivity and improve the service to end users.
COMPETITION	Criminal compliance regarding property rights Respect for free competition (no price agreements, etc.)	Technological surveillance	Results are published	The intellectual property of competitors is respected. Competition is carried out maintaining an ethical behavior at all times.
TECHNOLOGY CENTRES	Technological surveillance Joint innovation projects Criminal compliance and compliance with the code of conduct and policies (subsidies)	P25	Communications are constant through different forums, whose content and periodicity are defined. Assistance by the director of innovation	See innovation projects
UNIVERSITIES	Obtaining qualified personnel Gathering talent	Agreement defined	Personnel management holds regular meetings	Master's Degree in Automation: We participated in the developed of the Master's Degree and are committed to recruiting at least two students to do internships and possible hiring. Participation in open days and talks at the University
EXTERNAL PLANTS (SUBSIDIARIES)	Joint projects Synergies in purchases, sales, and projects Common culture Criminal compliance, respect for the code of ethics and policies	P25. Follow-up activities defined.	Communications are constant through different forums, whose content and periodicity are defined (general management and finance management)	Forums of purchases and finances and development of global projects.
AFFILIATES/GOVERNMENT ASSOCIATES	Profitability Supervision of criminal compliance, code of ethics and policies	P25, participation in steering committees	Communication through regular meetings of normal work dynamics. The general management is occupied	In 2019, capital was increased in the investee company Kiro.
COMMERCIAL SUBSIDIARIES	Criminal compliance, respect for the code of ethics and policies Having reliable and competitive products and services Ethical business practices, respect for free competition	P25, P24	Communication through periodic meetings with business directors	Expected signing of and adherence to the code of conduct and policies in India, Brazil, and Germany

1.5 Risk management

Mondragon Assembly systematically manages risks and opportunities in all areas, as we believe that a risk management implementation may help:

- Foster proactive management instead of reactive management and identify and treat risks at all levels of the organisation.
- Comply with applicable legal and regulatory requirements as well as standards.
- Improve the trust of the interest groups.
- Improve efficiency and operational efficiency.
- Establish a reliable basis for decision making and planning.
- Improve operating efficacy and efficiency.
- Increase occupational health and safety.
- Improve accident prevention, as well as management.

In all risk management processes, the context and risks are identified for analysis and evaluation (according to the methodology established in their case).

Based on the results of the evaluation, the treatment is established (accept, eliminate, reduce, etc.), which may lead to a plan of actions.



We indicate below the actions carried out during 2018 to take advantage of the opportunities and avoid the risks detected when the Management Plan of that year was prepared: The actions planned for 2019 can also be observed:

Scope	Subject	R/O	Description	Actions	Deadline	Status
Environment	Atmospheric emissions	O	The only emissions identified is due to the rental car fleet.	Change the fleet of vehicles with others with lower emissions	feb-19	Completed
Environment	Internal staff	R	Lack of knowledge of the environmental management system of the plant	Provide training by means of pills in the monthly informative chats, send the documentation to all personnel by email and monitor the operation	Continuous	Training given in January on the operation of waste containers
Environment	Energy consumption	O	Reduce energy consumption by installing solar panels on the roof	Perform panel installation	dic-18	Completed
Environment	Energy consumption	O	Perform energy audit and study possibilities for reducing consumption through intelligent management	Carry out a project to evaluate possibilities of implementing an energy management installation Carry out an energy audit Change of lighting in officers to low-consumption LED lamps	dic-19	
Safety and health	Level 4 risks: entrapment by or between objects	R	Reduce entrapment risks	Ensuring the implementation of the tuning protocol Provide training for the leaders Provide periodic training for the higher-risk professions Complete training in PRL – basic course – for the higher-risk professions (assembly managers)	mar-19	Periodic inspections to ensure the tuning protocol. Training is underway
Safety and health	Coordination of activities when our staff goes to work at external clients	R	Risks involving workers in projects in emerging countries due to risk communication difficulties	Contact the client prior to the arrival of our staff to learn about the status of their facilities Carry out a risk assessment of installations that are referred to clients and do not pass through the factory	jul-19	Underway
Safety and health	Coordination of activities with subcontractors	R	Risks involving subcontractor workers who perform their work in our plant Monitoring and accreditation of the personnel working in the plant	Install new software that can be connected to the input control	jul-19	Completed
Safety and health	Ergonomic risks	R	Programmers sometimes perform work in the workshop	corrective actions if they are required on work with PVD	dic-19	Scheduled for September 2019
Safety and health	Risks in machine handling	R	Sector 3 of Pavilion B does not have a crane	Install crane to avoid risks and improve ergonomics in machine handling	dic-19	Scheduled for August 2019
Project management	Talent recruitment	R	Risk of lack of qualified personnel in both businesses to undertake the projects	Carry out project for recruiting and maintaining talent	dic-19	Underway
Project management	Staff integration and sense of belonging	R	Risk involving staff integration given the rapid growth	Implement the partner portal project to improve communication	dic-19	Underway
Machines	Risk assessment	R	CE marking regulations: It requires the risk assessment of all the machines that are marketed in CE.	Review machine evaluations	dic-19	Underway
Social responsibility	System improvement	O	Continue developing collaboration with the UDA project against youth drug addiction	Collaboration at the economic level Joint sport activities Logos, T-shirt purchases Open-door conferences for young people	dic-19	Underway
Social responsibility	System improvement	O	Study formula to incorporate disabled staff	Contact organisations	dic-19	Underway
Social responsibility	System improvement	O	Implement healthy company actions	Good habits newsletter Promote sport activities	dic-19	Underway
Criminal compliance	System deployment	O	Implement compliance measures in 10 suppliers		dic-19	
Criminal compliance	System deployment	O	Finish implementation in Germany, France, Brazil and India	Perform monitoring of changes that require it according to local legal aspects	dic-19	

1.6 Strategic challenges

Every four years, Mondragon Assembly carries out a strategic reflection. For the current period, five areas of action have been defined.

LKS **CORPORATE CHALLENGES**

Five corporate Challenges are identified. An initial basic description that guides the scope of the Challenge is added.

1. CONSOLIDATION OF THE GLOBAL PRESENCE	<p>Strengthening the positioning as a company that delivers a global service and is acknowledged as such in the market.</p> <p>With a set of autonomous, self-financed plants. Relevance of brand management.</p>
2. GOVERNANCE MODEL	<p>Design and implementation of the global organisation: people, systems, teams, mechanisms to promote and improve the coordination and interrelation among corporate areas and subsidiaries and between subsidiaries, at different organisational levels.</p>
3. BUSINESS MANAGEMENT – RELATIONSHIP WITH CLIENTS	<p>Active search for opportunities, offer management, and global projects: development of the commercial approach to take advantage of local and global opportunities.</p>
4. INNOVATION	<p>Technology and market surveillance to support business development.</p> <p>Technology partners.</p> <p>Knowledge management in the Group.</p> <p>Industry 4.0.</p>
5. PEOPLE	<p>Capturing and developing talent in a global organisation. Multicultural development – mobility, knowledge flows. Generational relay planning.</p> <p>Committed and satisfied people.</p> <p>Capabilities for global project management.</p>

In 2018, steps were taken to achieve the challenges in the strategic planning horizon.

The degree of progress at the beginning of 2019 is as follows:

1. Consolidation of the global presence: 4 global projects have been captured.
2. Governance Model
 - a. the plants are autonomous for the execution of the projects,
 - b. Joint projects have already been carried out with the participation of several plants
 - c. there is autonomous financing in each plant
 - d. outdoor plants have achieved results above 5% on sales.
3. Commercial management / customer relationship
 - a. the offers are already made with a common base in all the plants.
 - b. 9 offers of global projects have been made.
4. Innovation:
 - a. In Internet 4.0, the project has advanced from being prototype to 50% of the solar lines being ready to connect.
 - b. Work is being carried out on a prototype of collaborative robotics.
 - c. Spending on innovation has been 5% on sales.

- d. Partnerships are available with two suppliers, and a patent was obtained in 2018.

5. People

- a. In 2018, 3 meetings of the group's Board of Directors were held to improve the coordination between the plants.
- b. Work is being done to achieve a homogenous way of conducting projects.
- c. An organisation has been defined to manage global projects.

2 Socially responsible management

2.1 Our values

Finding a meaning to the work done is a very important driver for each person and for the company. That is why Mondragon Assembly carried out a reflection a few years ago, which resulted in the definition of a mission and values for the company.

MISSION

We are a dynamic and committed Group with a high sense of belonging to the Mondragon Assembly Cooperative, which develops Industrial Automation Solutions: We do not sell only machines, but also offer a Service that generates trust in different sectors, betting on internationalisation.

VALUES

Mondragon Assembly has the following values:

- Proactivity/leadership
- Innovation
- People development
- Teamwork
- Excellence
- Closeness to the client

<p>1. Proactivity / Leadership. It consists of working in the development of one's abilities, becoming a protagonist/head in one's area of influence and applying this value for the benefit of the cooperative.</p>
<p>2. Innovation. To promote the Development and Implementation of alternative and/or novel solutions, in both daily and emerging situations.</p>
<p>3. People Development. Promoting, providing and fostering the learning and/or development of others based on the analysis of their needs and those of the Cooperative.</p>
<p>4. Teamwork. Cooperating and collaborating with others based on trust, supporting each other in the achievement of a common goal.</p>
<p>5. Excellence. Continuous search for flawlessness in the fulfilment of commitments with attitude and continuous willingness to identify areas and opportunities for improvement and implementing them in places that add value to the client while seeking to be the reference in the market.</p>
<p>6. Closeness to the Client. Orient the organisation towards the creation and maintenance of customised and close relationships with clients, generating opportunities for advisory services and preparation of proposals on the offer.</p>

2.2 Performance in social responsibility

The fact that Mondragon Assembly's parent company is growing strongly, existence of plants in different parts of the world with different cultural environments and, in general, the globalisation of activity (global clients, global suppliers, expatriates, etc.) means that we must give an even closer, more organised and more methodical attention for the proper execution of our duty of supervision and vigilance in all our plants.

The demands of customers, administrations and society in general are increasing in everything related to social responsibility and compliance with laws.

This requirement, along with our interest to be better and to seek excellence, leads us to promote a more organised and methodical management in everything that refers to sustainable development, responsibility with society, and specifically, criminal compliance.

For this reason, the integration of social responsibility and sustainable development in the management system was promoted from the top management (with ISO certifications: 19001, OHSAS:18001 and ISO:14001), which culminated in the certification of the management system of social responsibility according to the SR 10 standard in February 2018.

2.2.1 Degree of achievement of objectives

The first objective for 2018 was to launch an initiative of social responsibility with the environment.

In the Conduct, Social Responsibility and Compliance Committee, implemented in late 2017, different alternatives were evaluated, and finally, it was decided to support an incipient initiative of the local sports club, UDA, to avoid the drug addiction among adolescents in the region.

The first contacts were maintained, and during the month of April, a presentation of the project was given to all the bodies of the Cooperative (board of directors, governing council, and social council), which approved its continuation.

COFIP grants have been given to this initiative, and the project was communicated to the whole group in early 2019. It is considered that this objective has been completed by 60%.

The second objective was to structure the website to communicate all aspects of Social Responsibility. In 2018, an effort was made, and the company's annual report was communicated for the first time through the website. There is also a space on the website to communicate the code of conduct and policies. This goal is considered achieved by 60%, as there are still things to do and improve.

There is a third objective, which consisted of extending the code of conduct and policies to the external plants. It is consisting of the adherence of people who are in positions that are qualified

as specially exposed. This objective is in the process of being executed and its start is pending in the plants of Germany, Brazil, and India.

2.2.2 Evaluation of compliance with the code of conduct

In 2017, a code of conduct and related policies were drafted, and we have a duty to monitor compliance, for which controls have been established, including the results for 2018:

CONCEPT	TOOLS FOR COMPLIANCE	CONTROLS	RESULTS / EVIDENCE
Compliance requirement and commitment	Acceptance by workers in Aretxabaleta, in the Welcome Plan	Internal audits and annual external audit	Signed acceptances
Principles and values	Acceptance, in Aretxabaleta, in the Welcome Plan	Internal audits and annual external audit	Internal audit results: nothing negative worth mentioning
	Annual performance evaluation	Performance evaluation reports for each person	Results evaluation reports of each person's performance and improvement actions
Communication and availability of the Code of Conduct	Knowledge during the Welcome Plan	Internal audits and annual external audit	In the external audit, the degree of knowledge on the part of the workers is checked.
	"Pills" in informative talks		
	Available on the internal network of MA – Aretxabaleta and on the website		
Rules in relation to people			
Compliance with the legislation	People Management Procedure	<ul style="list-style-type: none"> > Procedure on financial and non-financial controls > Risk analysis of crimes carried out and reviewed at least each year. > Annual performance of the external audit of criminal compliance (certified system) > Internal audits and annual external audit 	No non-conformities detected
	Legal Requirements and Other Requirements procedure, explaining the system for monitoring changes in legislation		
	Defined work processes		
Rules of Procedure	<ul style="list-style-type: none"> > Cooperative internal regulation > Social statutes 		> Results: nothing negative worth mentioning
Gifts and presents	ANTI-CORRUPTION POLICY		> Results: nothing negative worth mentioning
Conflict of Interest	CONFLICT OF INTEREST POLICY		> Results: an investigation carried out
Confidentiality	PRIVACY AND CONFIDENTIALITY POLICY		> Results: nothing negative worth mentioning
	> Password policy		> Signing of Policies and uses relating to O&S
	> Use of computing resources		No non-conformities detected
	> Use of mobile devices		
	> Worker resignation		
Corruption and bribery	ANTI-CORRUPTION POLICY	No non-conformities detected	

CONCEPT	TOOLS FOR COMPLIANCE	CONTROLS	RESULTS / EVIDENCE
Rules in relation to occupational health and safety			
Health surveillance	> Health Monitoring procedure > OHSAS-18001	> Annual internal and external audit	Annually the occupational health service makes the annual report of the activity, the 2018 report being carried out.
Prevention of occupational risks	> Evaluation of Occupational Risks, Coordination of Business Activities, Chemical Products and Use of PPE procedures > Certification in OHSAS-18001	> Annual internal and external audit	> According to the self-evaluation by means of the Garatuz tool, it is improving in the integration of prevention The memory of the activity of the prevention service in 2018 was made
Compliance with the current legislation	Adherence to the consultant to update the applicable legislation	> Annual internal and external audit	The compliance with the legislation was reviewed in all aspects required by law and was audited by an accredited external entity.
Rules in relation to the Environment			
Compliance with the current legislation	> Identification and Evaluation of Environmental Aspects procedure ISO-14001	> Annual internal and external audit	The compliance with the legislation was reviewed in all aspects required by law and was audited by an accredited external entity.
Rules in relation to priority interest groups			
Customers	Customer Satisfaction procedure "and others	> Annual internal and external audit	The results of the surveys were analysed, and the improvement plan was made
Suppliers	Purchasing Management and Supplier Management procedures and other annexes	> Annual internal and external audit	No non-conformities were detected in the external audit
Administrations	Surveillance of the legislation according to the Legal and Regulatory Requirements procedure	> Annual internal and external audit	> Results: one complaint by the Municipality relating to the presence of waste containers on the pavement
Society	Identification of Groups of Interest and Evaluation of Subjects procedure and others	> Annual internal and external audit	The evidence is included in the annual report and in the review report by the management of the social responsibility system
Competition	Identification of Groups of Interest and Evaluation of Subjects procedure and others	> Annual internal and external audit	Mondragon Assembly has a criminal compliance management system certified according to the UNE 19601 standard, ensuring that its practices in the market are audited, with no unfair practice being found.
Crime prevention and criminal risk management system (compliance)	Procedure for assessing criminal risks Risk analysis of criminal offenses > IP09 (due diligence for exposed persons and organisations) + M25-02 (due diligence report to third parties)	> Procedure on financial and non-financial controls > Risk analysis of crimes carried out and reviewed at least each year. > Annual performance of the external audit of criminal compliance (certified system) > Internal audits and annual external audit	> Results: nothing negative worth mentioning
Conduct, Social Responsibility and Criminal Compliance Committee			
Internal channels for noncompliance communication	gestionetica@mondragon-assembly.com	> Conduct, Social Responsibility and Compliance Committee (CCRSC)	> Receipt and management of one internal complaint
External channels for noncompliance communication	socialresponsibility@mondragon-assembly.com	> CCRSC	> No complaints received
Disciplinary regime	> Cooperative internal regulation > Social statutes	Governing Council	> No opening of disciplinary process
Compliance assessment and update	> Operation of the CCRSC	> Periodic meetings (minutes)	> Annual report of the CCRSC

2.2.3 Communications with the groups of interest

This section indicates the most relevant actions and results carried out during the year 2018 in relation to the stakeholders:

> MEMORY: in the year 2018, the company's report was published for the first time on the website.

> CLIENTS: new clients have been obtained in the two business units and greater visibility has been achieved in the solar market through presence in trade shows and conferences and on the website.

> **ADMINISTRATION / MUNICIPALITY:** in 2018, the first formal interview with the mayor was held, pavilion B and the air conditioning installation were officially implemented, and an inauguration ceremony was held on a mezzanine built throughout 2018 as an extension of existing facilities. The mayor, the president of the Corporation and the president of Aenor were invited to this event.

> **WORKERS:** in 2018, the family conciliation was improved by extending the flexible schedule at the entrance until 09:30 am.

> The existing **EQUALITY PLAN** was reviewed, and two relevant decisions were made: Mondragon Assembly will seek parity and positive discrimination will be applied when selecting personnel.

> An internal communication policy has been developed.

> In 2018, informative conferences were given on all the management systems, in the informative talks.

> **PARTNERS AND ALLIES:** In this chapter, the most significant aspect is the signing of an alliance with "Meyer Burger", which is one of the global leaders in photovoltaic technology.

> Capital was strengthened in the investee company Kiro Grifols.

> **CIVIL SOCIETY:** In 2018, an installation of 99 kW solar panels was performed on the roof of Mondragon Assembly to obtain energy by renewable means.

> A company was hired to ensure the correct separation of waste.

> The project of the UDA sports association, fighting against drug addiction among adolescents in the region, was implemented and is being developed.

> **END USER:** the Industry 4.0 project is being carried out to achieve connectivity and improve the service to the end user.

> **TECHNOLOGICAL PARTNERS:** an agreement was signed with a technology centre in France for the development of photovoltaic technology.

> **UNIVERSITIES:** we participated in the design of the Master's degree in automation at Mondragon Unibertsitatea and are committed to taking at least two students to do internships with the possibility of a subsequent hiring.

> Participation in open doors and talks at the University.

> In 2018, 23 students worked with us through a University-business agreement. Another 10 students carried out paid work through the company Alecop.

EXTERNAL PLANTS Purchasing and finance forums, and development of global projects have been carried out.

> The construction of a new plant in China was approved.

It is understood that a greater interrelation with the interest groups is being reached, with a more integrating and sustainable business approach.

> Another section to highlight in this relationship with stakeholders is the dissemination of knowledge through conferences and talks by our people. The following are the events in which we have taken part:

Events	SUBJECT	Date	SPEAKER
Conference at Mondragon University	The influence of the adaptability of organisations to market changes	25 January	Director of People
Conference with speaker Beckhoff	Ethernet Technology	17 October	Director of Innovation
GENERA International energy and environment trade fair	The digital revolution in the photovoltaic sector	15 June	Innovation Technician
Sao Paulo Intersolar Fair	PV manufacturing: advancements & trends	30 August	Director of Solar Power
India Intersolar Fair	Trends and challenges for PV production in an extremely fast-growing market	12 December	Director of Solar Power
Mondragon University	The automatic assembly machine	18 October	Commercial
Mondragon University	Open doors	26 April	Commercial

2.2.4 Objectives for 2019

The proposed objectives to develop social responsibility during 2019 are the following:

- Carrying out a program and developing actions to develop a culture of health at Mondragon Assembly.
- Hiring people with disabilities.

2.3 Behavior of indicators in relation to people

In the attached table, we can see the behavior of the indicators that reflect the evolution of the workforce and its composition, hours invested in training, results of the satisfaction survey of people, absenteeism, dropouts, etc.

It can be seen that the indicators are behaving within the limits that have been proposed.

DESCRIPTION	CALCULATION	UPPER LIMIT	LOWER LIMIT	2015	2016	2017	2018
% training hours/workload	Training hours/workload		2%	1,64%	2,49%	2,36%	2,86%
Basque Communication percentage index	Euskara Batzordea		59%	55%	65%	58%	59%
Degree of commitment of the people	Organisational Cultural Survey	6	3	4,8		4,9	-
Development of the Constructive Culture	Organisational Cultural Survey	6	3	4,3		4,2	-
Evolution of the number of workers at MA Aretx.	Average total number for the year			98	104	122	145
Evolution of permanent employees in the MA Group	Average total number for the year			255	313	343	402
Company resignatins	(Number of people leaving/average staff for the year) x 100	5	0	1	1,92	1,64	1,38
Voluntary donations to social issues	(€ donated / € invoiced)		0,70%		0,70%	0,83%	1,66%
Absenteeism	ITs / number of people	3		2,8	2,23	1,75	1,39

2.4 Equality plan and its development

Mondragon Assembly has had an equality plan since 2016. In 2018, it was updated again, and two important decisions were made:

- At Mondragon Assembly, parity will be sought.
- At Mondragon Assembly, positive discrimination will be applied in the selection processes.

In the attached table you can see the evolution of the template by gender. The red colour shows the indicators in which it is below the established limits.

DESCRIPTION	CALCULATION	LOWER LIMIT	2015	2016	2017	2018
Female presence at MA ARETXABALETA	(average number of women per year/total average staff per year) x 100	25%	20,4	21,1	22	21,80%
Female presence in the CD and CR of Aretx.	(average number of women per year/total average staff per year in CD+CR) x 100	25%	30,7	30,7	30,7	30,7
Percentage of female Project Technicians	number of female technicians / total number of technicians	25	23%	26%	23%	24%
Percentage of female Manufacturing Technicians	Number of female manufacturing technicians / total number of manufacturing technicians		0%	0%	3%	2%
Percentage of female Managers	Number of female managers / total number of managers	25	14%	22%	20%	17%
Percentage of female Support Technicians	Number of female support technicians / total number of support technicians	50	54%	60%	60%	59%

One problem that is being found is the lack of offer of women in the technical professions. It is being an obstacle to achieve parity, which is why it is a medium-long term project. Nevertheless, in 2018, the hiring of two women in the manufacturing area was considered an achievement.

With the idea of monitoring the selection process, in 2018, we began to perform the monitoring that can be seen in the following table:

SELECTION PROCESS RESULTS	
Jobs selected in 2018	11
People presented	79
Percentage of men presented	58%
Percentage of women presented	42%
Percentage of men selected	64%
Percentage of women selected	36%

To continue with the development of the equality plan, a plan of actions has been carried out that has been deployed in the following objectives:

Objective 1: To keep up-to-date data on selection and promotion.				
Measure	Officer(s)	Deadline	Periodicity	Indicators
Informing the Board of Directors and the Governing Council of all hires and job changes	HR department	Underway	Monthly	Informing the Board of Directors and Governing Council of the new hires and job changes
Updating the control panel with the data of the current year	HR department	Underway	Annual	Updating the control panel
Updating the selection data and informing the Conduct, Social Responsibility and Criminal Compliance Committee (CCRSC)	HR department	2019	Quarterly	Updating and informing the CCRSC about the selection data
Keeping up-to-date general data on the staff by the department of the people area for analysis at the CCRSC.	HR department	2019	Quarterly	Updating and informing the CCRSC about the data on the staff to the CCRSC

Objective 2: To promote awareness of equality and extend training on the subject				
Measure	Officer(s)	Deadline	Periodicity	Indicators
Training the members of the CCRSC on equality issues and systematising this training to ensure the continuous training of the committee.	HR department and CCRSC	2020	Annual	Conducting out training on equality matters to the committee.
Training members of the Board of Directors and Governing Council on equality matters	HR Department and CCRSC	2020	Annual	Conducting training on equality matters to the CD and the CR.
Including specific training on equality in training plans in the coming years	HR Department	2019	-	Including training in the biannual training plan for all people on equality matters
Communicating and informing the collective about the existing reconciliation measures at MONDRAGON ASSEMBLY. In the event of a new measure, this should be communicated to the collective (via email, informative talks, etc.).	HR Department	Underway	Continued	Communicating and informing the collective about the existing reconciliation measures.

Objective 3: Co-responsible reconciliation of work, family and personal life				
Measure	Officer(s)	Deadline	Periodicity	INDICATOR
Analysing and ensuring a unique treatment in cases of special reconciliation needs. (For its evaluation, annually analysing the exceptions approved by the Governing Council)	CCRSC	Underway	Continued	Analysing cases of special reconciliation needs.
Studying the current reconciliation measures and their suitability and, if it is considered convenient, making a proposal of adaptation to the Board of Directors and the Governing Council.	CCRSC	2020	Annual	Studying the current reconciliation measures and their suitability.

Objective 4: To conduct awareness campaigns on selection and promotion.				
Measure	Officer(s)	Deadline	Periodicity	Indicators
Performing a more proactive search for the recruitment of women in presentations to schools, professional schools, and universities.	HR department	2019	Continued	Attending educational centres in open days.
Studying new compatibility means to promote the promotion and selection of women.	HR department and CCRSC	2019	Annual	Proposing 2 ways to promote the selection and promotion of women.
Reviewing the language of job offers to ensure a communication based on equality.	HR department	2019	Continued	Reviewing job offers.

2.5 Contribution to Society

Mondragon Assembly was founded in the Basque Country as a business group with a strong commitment to servicing Society, with a mission focusing on the creation of collaborative and participatory work of a cooperative nature, as an essential way for the creation of wealth and well-being, both among its direct social partners and in the society in which it is immersed.

In 2018, Mondragon Assembly contributed to various causes for improvement of the company with 1.66% of the amount of its sales.

2.5.1 Criteria for aid distribution

The organisation has different funds for the promotion and contribution to employment, internationalisation, and strengthening of the economic situation of some cooperatives.

There is a Central Inter-Cooperation Fund (FCI), Corporate Solidarity Fund (FSC) and an Inter-Cooperative Education and Promotion Fund (FEPI) which, along with the Reconversion of Results among cooperatives, are the most characteristic inter-cooperative solidarity mechanisms of Mondragon Assembly.

These funds make it possible to promote, with a joint perspective, challenges such as the development of new activities for the generation of employment, internationalisation, strengthening of the economic situation of some cooperatives, and outstanding actions in the educational and technological fields, as summarised in the following lines:

FCI (Central Inter-Cooperation Fund): Most of the FCI resources were instrumented as investments, mostly in terms of loans and in the form of capital contributions. These investments focused mainly on financial reinforcement and the development and consolidation of cooperatives.

FSC (Solidarity Fund): In the scope of the Corporate Solidarity Fund, they allow these resources to be allocated to the strengthening of the economic situation of some cooperatives.

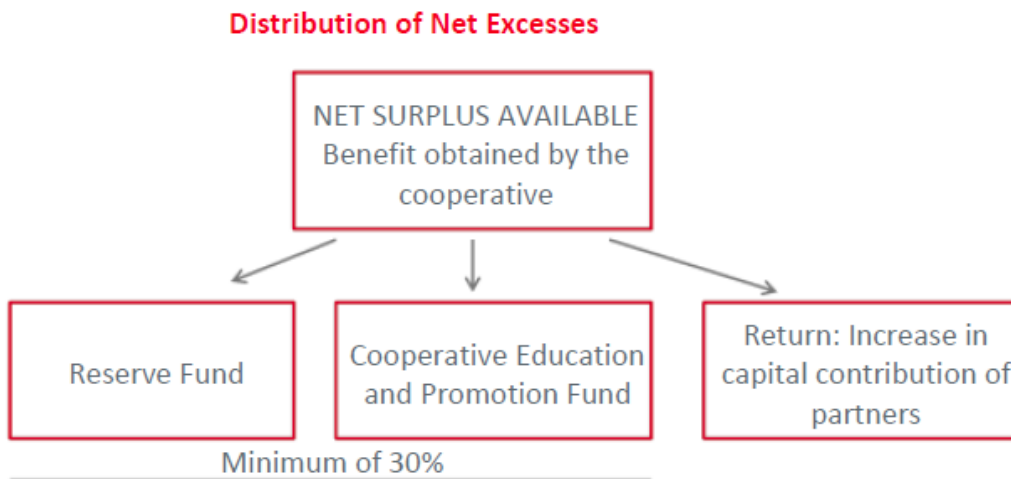
FEPI (Inter-Cooperative Education and Promotion Fund): As regards the FEPI, the resources come from the COFIP.

The COFIP (Mandatory Contribution for Cooperative Education and Promotion and other Public Interest Purposes) is a specific cooperative legal requirement that requires a percentage of the profits obtained to be distributed and which is targeted at R&D, training, and cultural objectives. Specifically, this fund is composed of 10% of the available surpluses (after deducting the amounts that are intended to offset losses from previous fiscal years and to fulfil the required tax obligations) of each cooperative.

In the cooperatives of the Mondragon group, the criteria for the allocation of surpluses, if any, are included in the bylaws themselves.

The criteria and mechanisms for allocating social assistance present a few singularities:

- Due to its legal nature and its cooperative nature, Mondragon Assembly directs a significant part of its solidarity contributions to the promotion of the cooperative world.
- It reserves a specific section on social works to local attention.



2.5.2 Indirect contributions to society

The COFIP grants are mostly managed through the social action projects led by the Fagor group.

The distribution of the grants made in 2018 was as follows:

DISTRIBUTION:		678,359
Education	25%	169,59
Fagor, region	25%	169,59
Fagor, Basque	20%	135,672
Fagor, inter-operation	7%	47,485
Fagor, third world	12%	81,403
Fagor, group	3%	20,351
Mondragon Assembly, training	4%	27,134
Mondragon Assembly, others	4%	27,134

The grants directly managed by Mondragon Assembly comprise €27,134 in grants to formative factions of the workers that they have made on their own initiative and €27,134 that allocated to aid to sports and humanitarian associations of the environment.

2.5.3 Indirect contributions to society

The most significant indirect economic impact is the generation and distribution of wealth and employment, preferably cooperative, which is carried out through the contribution of Mondragon Assembly resources to the Mondragon Group. Mondragon Assembly, however, also affects society through:

- Education, in particularly through Mondragon University.
- Research centers.

3 Innovation and technology

Mondragon Assembly wishes to be at the forefront of technology to offer the best products and services to its customers and, in turn, contribute to the planet's sustainability. That is why we are working on the following technologies:

3.1 Technologies 4.0, monitoring, data analytics and advanced services

In the field of 4.0, the efforts made have maintained the main focus on process control and productivity. For both categories, solutions and tools are still being developed to capture, process and store this information.

A significant step has been taken in the development and implementation of a first "Mondragon Assembly" platform pilot that manages this new information, laying the foundations for new services that Mondragon Assembly will be able to provide.

Applications and tools have also been implemented to store production traceability in databases, according to the requirements of certain sectors and customers, complementing the client's MES with a function of "production supervision" more integrated in the offer of Mondragon Assembly.

In the field of R&D, we completed these works by lines of research with centers and ambitious collaborative projects in which all technologies and related solutions are worked (Internet of Things, Edge, Cloud, Fog computing, Data Analytics, etc.), applying them to real customer processes. They have given rise to a portfolio of projects with a leading technology centre, as well as strategic collaborative projects with other centers. In 2019, we intend to continue with these developments, focusing on safe parts, as well as on the robustness and reliability in the execution of processes.

3.2 Robotics

A first demo of an operational bin picking with 3D vision was obtained. It has allowed us to have our first contacts with image treatments through 3D point clouds in fields of vision and with a collaborative robot. We will continue working on these aspects in 2019, carrying out a bin-picking demonstration adapted to the needs of the Special Machinery business (new reliable technologies for feeding parts for our machines).

The area of precision and accuracy in the calculations and handling are the parameters that we must pursue in order to achieve high performance in high-cadence machines. These are the goals that we pursue. In this area, a collaboration with different technologies centres and Mondragon

Unibersitatea has allowed us to calculate corrections due to geometric errors of flatness. Mondragon Unibersitatea has demonstrated in a fictitious replica of a Solar problem and how it corrects the position of the robot that manipulates a photovoltaic cell according to the error of parallelism measured by the camera (3D corrections to improve accuracy).

3.3 Solar

With the aim of using clean technologies and eliminating welding, Solar has completed the development of the technological base for the application of conductive adhesives. In collaboration with a technology center and a supplier, a complete process of deposition and manufacture of mini-adhesive module has been experienced. Moreover, we have been able to follow this development path by defining a new product (MTS-2500-ECA for Adhesives). The specifications have been defined, the design made, and the first dispensing device for said adhesives launched.

In parallel, through 2 projects and consortia, one European and other Chilean, the first modules have been designed and manufactured which aim to considerably extend their useful life, as well as reducing the LCOE (Levelled Cost Of Electricity) of producing throughout its service life).

For the good development of new technologies, a 3-year collaboration contract has been signed with one of the 3 leading centres in cell and module development, which will allow us to deepen more technological knowledge and develop more processes.

In 2018, we also addressed the Solar Roadmapping process based on the work of Robert Phaal of the University of Cambridge.

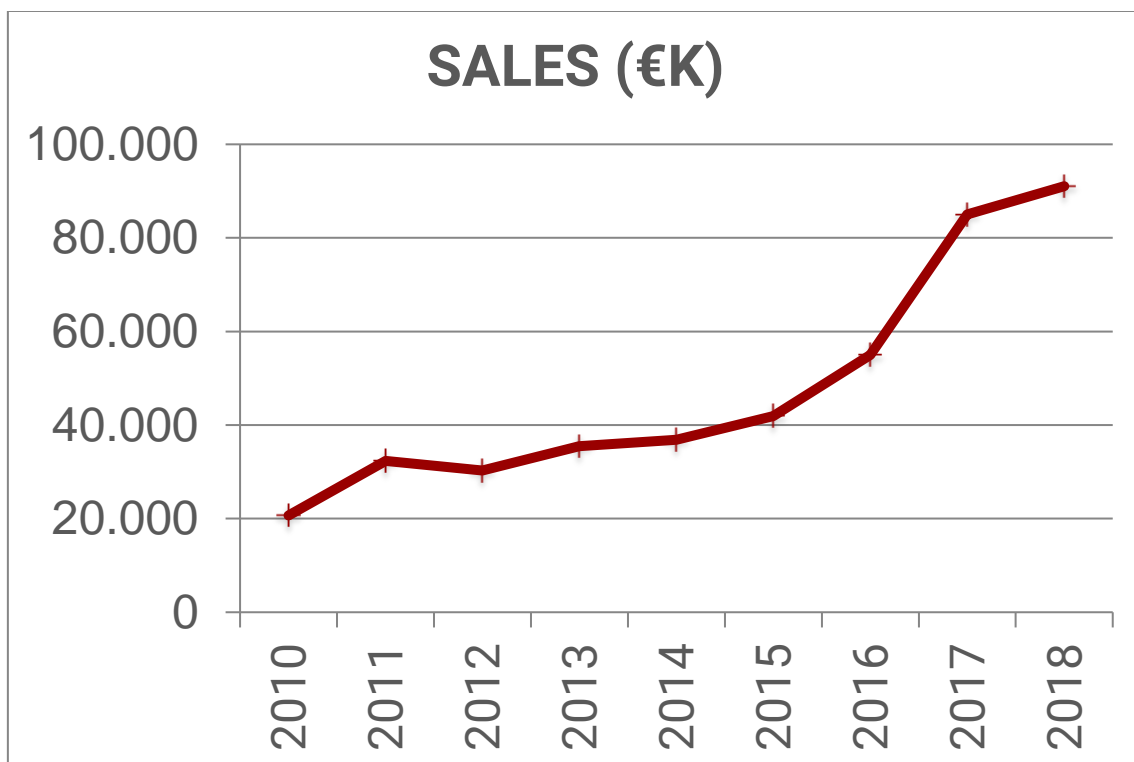
3.4 Batteries - Storage

In, 2018 we integrated the machine for the manufacture of lithium modules (batteries). This project will be put into operation in 2019, finishing validating the quality of the welding on the one hand, as well as the real capacity of the machine. In parallel, extensive commercial work was carried out, as well as presence in trade shows and visits to customers. A brochure and a video were produced for the Intersolar Europe (Munich), SNEC, Intersolar India and REI shows.

4 Main Magnitudes of Mondragon Assembly

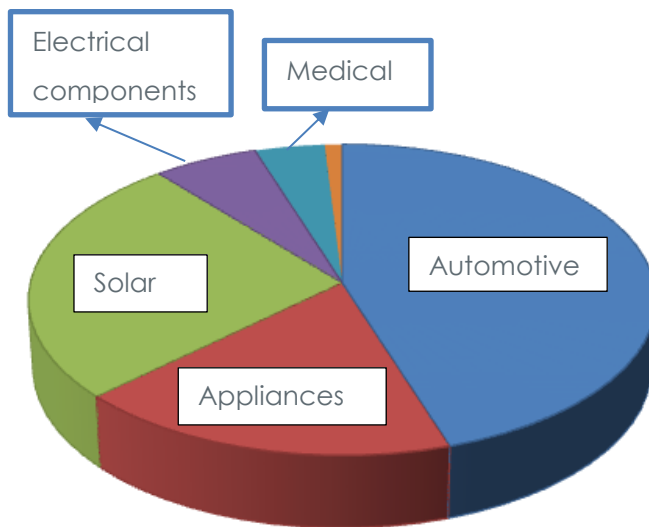
We present below our main magnitudes: sales, sectors in which we operate, and evolution of the number of people.

4.1 Sales evolution

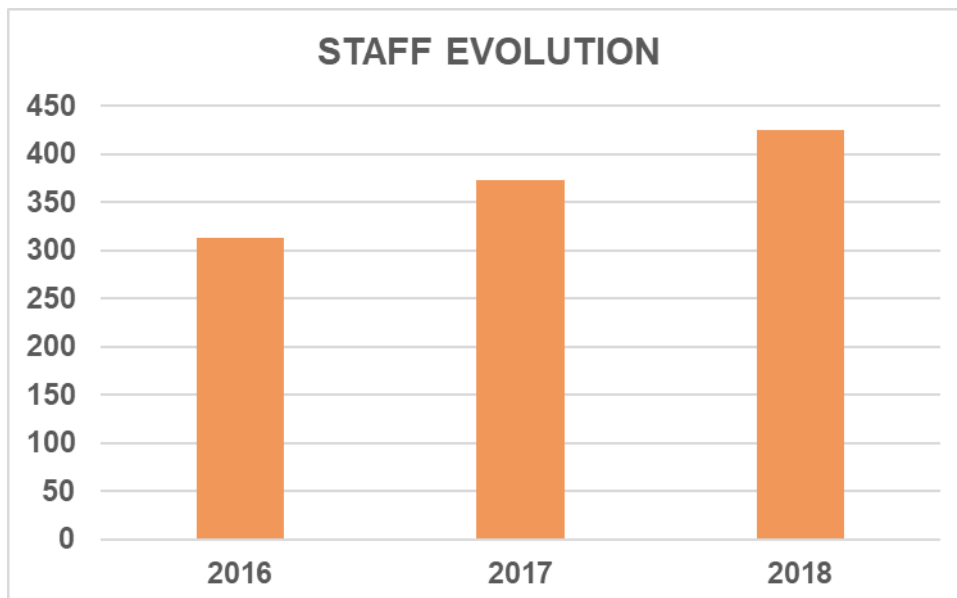


4.2 Sales by sector

The distribution of sectors for which Mondragon Assembly works is presented in the following table:



4.3 Staff evolution



5 Relationship with the Client

An innovative character, excellence in management and closeness to the client are the three values that have turned Mondragon Assembly into a leading group for clients around the world.

5.1 Offer to the client

Mondragon Assembly applies a large number of technologies to its products and services and is a pioneer in the development of new automation applications. We specialise in the design, manufacture and installation of a wide range of systems and equipment for the automation of assembly processes.

The organisation is divided into two business units, so the client profile is different in each of them:

SOLAR POWER

Mondragon Assembly is an internationally renowned producer of equipment for the manufacture of solar panels. It designs and delivers turnkey production lines and machinery for photovoltaic systems. We have been providing innovative manufacturing technology for over fifteen years.

Mondragon Assembly provide their clients with solutions and services throughout the entire value chain.

- Turnkey solutions for lines of different sizes.
- Automatic and/or semi-automatic machinery: Tabber & stringer machines, interconnections, stringer & layup machines, cell testers & sorters, laminators and photovoltaic module test equipment.
- Design, specifications, sale of raw materials and consumables, development and certification of modules.
- Training and know-how.
- Customised solutions: Mondragon Assembly's engineering team offers its experience to help you develop your project.

AUTOMATION

Mondragon Assembly offers:

- Turnkey solutions and custom machinery for automatic solutions.
- Design, assembly, programming and installation of the production line up to final project receipt, providing a comprehensive solution.
- High productivity, flexibility and excellent quality solutions.
- Customised solutions: Mondragon Assembly's engineering team puts at your disposal its experience to help you develop your project.

5.2 Socially responsible products and services

Mondragon Assembly prepares and completes contracts in accordance with the principles of transparency, truthfulness, trust, and good faith. Similarly, it avoids abusive actions derived from possible dominant positions.

The offers are highly detailed, offering in-depth information about the product and its benefits, as well as terms, guarantees and other aspects.

An after-sales service is available to address all problems, both inside and outside the guarantee. This service is given throughout the world.

There are mechanisms in the company to guarantee due confidentiality, in relations with its customers and respect for the privacy of their data.

Mondragon Assembly is in a process of implementation of compliance according to the UNE 19601 standard, to exclude practices of corruption, extortion and bribery in relations with its clients

6 People Management

One of the main objectives of Mondragon Assembly is to attract qualified workers and ensure that they remain in the organisation, which is why we encourage and contribute to:

- The development of people: Continuous learning, improvement of training, and communication. The cooperative facilitates the training and professional promotion of its working partners.
- Balance between family and professional life (flexible hours, paid and unpaid leave, etc.)
- Equity in remuneration and professional development
- Responsible hiring practices
- Participation
- Teamwork
- Innovation
- Leadership
- Excellence

At Mondragon Assembly, as a Work Cooperative, the workers are partners and owners of the company with full rights and duties, both in the observation of their professional functions and in the right to participate in management through the relevant agencies and in business results.

6.1 Template profile

STAFF	2018
Directors	6
Team Leaders/ Business Managers	12
Technicians	123
General Services	24
Total number of associates	119
Employment generation (Contracts)	26

All hired workers have a one-year temporary contract. In total, we have 26 people in this situation, plus 3 with a training and apprenticeship contract in collaboration with Mondragon Unibertsitatea and the Miguel Altuna institute.

RELATIONSHIP	2018
MOD	102
MOI	45
TCA	17
WORKING PARTNERS	130
RELOCATED WORKING PARTNERS	4
SDD	33
EXPATRIATE WORKING PARTNERS	9
EARLY RETIREMENTS	0
LEAVE	4

TERMINATIONS	2014	2015	2016	2017	2018
Terminations (Inter-cooperative Transfer)	1	1	0	0	0
Voluntary leave	1	1	1	0	2
Parental leave	0	1	1	1	1
Negotiated leave	0	0	1	0	1
Retirement	0	2	3	3	0
Death	0	1	0	0	0
Voluntary termination	0	1	0	1	0
Early retirement	1	5	2	0	1
Terminations for women (Maternity Leave)	0	1	1	0	2
Terminations for men (Paternity Leave)	2	4	1	2	4

6.2 Mechanisms for dialogue with people

At Mondragon Assembly, every two years, a cultural analysis is carried out, in which a satisfaction survey is sent to all the people in the organisation.

- **Organisational Culture Survey (Quantitative):** In late 2017, the Quantitative part of the Organisation Culture Survey was carried out. The next quantitative survey will be conducted in 2019. The survey, developed by the Mondragon Corporation for all its cooperatives, is aligned with the Corporate Management Model and, in addition to measuring satisfaction, measures the personnel's degree of commitment.
- **Organisational Culture Survey (Qualitative):** In 2018, the Qualitative Organisation Culture Survey was carried out. A survey developed by the Mondragon Corporation for cultural diagnosis and analysis. This model evaluates the following levers:
 1. Leadership, Management Systems, Team, and Shared Project.
 2. Constructive, Passive and Aggressive Culture.
 3. People Development: Satisfaction, Commitment, Proactivity, Extra-Role Performance, Effective Balance
 4. Performance Results: Absenteeism, Added Value/Workplace

Mondragon assembly during 2018 continued working the following levers:

- Teamwork
- Customer culture
- Leadership
- Performance evaluation (Competency Matrix)
 - o Analysis and planning
 - o Assertiveness
 - o Technical skills
- **Satisfaction Survey (Qualitative):** Each year, a Qualitative Satisfaction Survey of all the people in the organisation developed by the People Department is carried out. Individual and group interviews are held with different people from the organization.
 - o Every two years, individual interviews are held with all the people in the organisation.
 - o Group interviews are conducted with some people of the organisation every year.
- **Cooperative Culture Development:** A Mondragon Assembly project Aretxabaleta 20-21 is being defined: What we want MAA to be in the future. Definition of the cooperative culture. In 2018, the organisation's management began to work on this project, and the cooperative culture will be developed and defined during 2019.

Interest Group: Partners and People

Dialogue mechanisms carried out in 2014-2018

- Organisational culture survey. With a satisfaction of 4.5 and a 5 in commitment.
 - Internal Client Satisfaction Survey:
 - Participation and decision-making capacity in the basic governing bodies: Ordinary and Extraordinary Meetings and Governing Council; Preparation of Strategic and Management Plan.
 - Activity of the Social Council, with extensive negotiation and decision-making capacities.
 - Appearances of the President and the Director-General before all the personnel (monthly Informative Talks) to share the diagnosis of the situation and measures being adopted.
 - Survey regarding the status of Equality in the organisation and family conciliation.
 - Internal Suggestions System: Contributions of workers.
-

Based on these dialogue mechanisms, the expectations of the partners and workers regarding the cooperative have been identified, and a series of actions have been undertaken to meet these expectations:

Expectations	Actions taken
Participation	Increasing the participation of people in the processes.
Working in listening	Encouraging listening through existing tools: development interviews, personal development, etc.
Teamwork	Tools for the exchange of information between offices, cooperation, etc.
People development	Promoting learning and personal development.
Implication/Commitment	More involvement and rigour in the work.

6.3 Development and training of workers

This Training Plan is prepared in a context of transformation in which Mondragon Assembly approaches a new model with the division of the two businesses and as an International Group. Mondragon Assembly is an international group, which already has six production plants in Spain, Mexico, France, Germany, China and Brazil, as well as a subsidiary in India.

We also have a strategic network of commercial offices in leading world economies. The main challenges of the organisation are.

- International Group: The integration of different subsidiaries and productive plants where the need to carry out global projects is defined.
- Consolidation of the global presence Strengthening of positioning as a company (relevance of brand management).
- Governance Model Interrelation between the corporate areas and the subsidiaries, as well as the subsidiaries among themselves.
- Commercial management: Active search for opportunities (global and local projects)
- Technological surveillance (knowledge management in the group and industry 4.0)
- Capturing and developing talent in a global organisation. Multicultural development and generational change planning.

The following tables present the most relevant information regarding training at Mondragon Assembly:

Mondragon Assembly:

Description	CALCULATION	2010	2011	2012	2013	2014	2015	2016	2017	2018
percentage of training hours/workload	Training hours/workload	3.59%	1.65%	0.67%	5.30%	4.5%	1.64%	2.49%	2.36%	2.87%
percentage of staff participating in training sessions	Number of people in training / total staff * 100	92.41 %	80.49%	51.14%	90.2%	87%	80.37%	86.45%	88%	90.48%
% training actions carried out compared to planned actions	Number of actions carried out/planned	88%	75.61%	82%	83%	84%	50%	59%	70.6%	73.23%
Percentage of communication in Basque	Euskara Batzordea	43%	41%	41%	61%	53%	55%	65%	58%	59%
Degree of satisfaction of people	Organisational Cultural Survey	3.24%	--	4	--	4.5	--	--	--	-

The number of training hours received by Mondragon Assembly, S.Coop in 2018 amounts to 6,242,37 hours, divided into 101 **training actions** with a total cost of **€175,356.27**.

This **total cost** is broken down into the following concepts:

- External trainer cost: €164,343.11
- Indirect cost: €61,853.41
- Internal trainer cost: €4,532.11
- Total number of hours: 6,242.37 hours
- Total number of persons trained **133**
- Average number of hours per person trained: 46.93 hours per person.
- % trained people: 90.48%
- Average staff 2018: 145
- Total staff 2018: 147
- Total number of courses: 101

PLANNED TRAINING:

Total actions carried out:

- Actions planned for 2018: 15
- Total actions planned and carried out: 11
- Total Number of Planned Actions Cancelled in 2018: 1 Action (OYL in the workshop)
- Total number of planned actions not executed in 2018: 3 actions

UNPLANNED TRAINING

- Total actions not planned and carried out: 14

Additionally, each year, the Satisfaction Survey of the participants in the different Training Actions is carried out, as well as the periodic Evaluation of the Effectiveness of said Actions.

These Evaluations are developed after a minimum period of 1 year from the completion of the planned Training Actions and/or with a duration of more than 8 hours.

This evaluation was carried out with the person in charge of the assistants of the action, in order to assess the transfer of knowledge learned at the workplace.

The result of the evaluations is as follows:

- Average rating of the planned training: 8.22
- Average rating of unplanned training: 8.15

6.4 Welcome and integration programme

In 2014, the recruitment and selection process were analysed (participation in forums, collaborations with different universities, social networks, Infojobs, etc.), the tools for the profiles adapted to the future needs of the organisation was reviewed, and the profiles of all positions, personality tests, technical exams for some positions, etc. were defined. In summary, the entire process was updated. It is a process that had continuity in 2018, consisting of a comprehensive follow-up of the process.

Additionally, two types of Welcome Plans were defined, for both the new hires (for the TCAs) and for the Determined Duration Partners and Indefinite Partners. It has been applied to all the hires at Mondragon Assembly. The objective of these plans is to ensure optimal performance and enhance the identification and commitment of new hires with the values of Mondragon Assembly and the cooperative environment during the first three years in the organisation.

This plan has been applied since 2012, with detailed follow-up being carried out since last year, in which the President of the Governing Council has a talk with all Determined Duration Partners and Indefinite Partners.

6.5 Continued education programmes

At Mondragon Assembly, we are aware of the importance of training in terms of consolidating the process of improvement of the cooperative and the quality of our products. We are dedicating an important effort to the personal and formative development of our people.

The organisation carries out a Training Plan for two years and carries out a diagnosis for this purpose. All directors, Team Managers and/or Managers participate in this diagnosis, with two Focus Groups established, one for each business, in which approximately 14 people from different areas or departments participate.

In 2018, technical training was provided for people working in the Technical Office, Occupational Prevention and Safety, International Trade, Performance Management, Finance and Taxation, Leadership and Team Management, Project Management, Management of Effective Development Interviews, etc.

6.6 Management by competences

In 2013, all the systems related to people were integrated into one project: PRAXIS – Management by Competences (Training and Development). This manual includes the matrices, where the technical, generic and specific competences of persons who take office in a job position. In 2017, the technical and specific skills of some jobs were redefined, considering that the organisation and the market experienced changes in this period. This system features an assessment of the performance of each worker (development interviews between command and employee; feedback).

In 2018, we identified the need for the implementation of a performance management evaluation system requires management tools that allow managers and employees to increase the efficiency in the relationships established between them. In this regard, in Mondragon Assembly, there is a need to equip managers and team leaders with tools and skills that increase efficiency in the meetings they have with their employees.

The objectives of this project were to:

- Raise aware the team of directors and managers regarding the importance and necessity of applying the established model to reach the Professional Development interview
- Become aware that employee development is a responsibility of the leaders
- Align individual goals and objectives with those of the department and other areas of the Organisation

6.7 Social benefits

Through the social benefits, Mondragon Assembly aims to implement measures that are designed to encourage partners to become involved in the Work Cooperative. Mondragon Assembly has developed the following initiatives focusing on improving the social benefits perceived by its employees:

Social benefits

Reconciliation measures: The Internal Regulations contemplate reconciliation measures relating to the personal and professional life, as a way to level, through specific authorisations, the difficulties relating to peremptory family-related needs of the partners.

Advantages in financial products for all people:

- Accident insurance
- Loans subsidised for the purchase of residences.
- Preferential loans for other destinations; banking products and services under preferential conditions (payroll advances, service fee exemptions, etc.).
- Subsidised company dining hall

Other benefits:

- Financing of private studies complementary to those programmed as company training.
- Economic funds for addressing extraordinary needs of a personal nature.

On the other hand, the people who work at Mondragon Assembly have additional social benefits that are detailed below:

- Flexible Conference: All personnel (not only partners) can benefit from the flexible schedule system, including a weekly workday of 5 working days from Monday to Friday with flexible hours, both for entry and departure:
 - Mandatory presence period:
Monday to Friday, from 9 am to 4:15 pm
 - Optional presence period:
 - Entry: 7 am – 9:30 am
 - Meal: 12:30 pm – 2:30 pm, minimum of a half-hour.
 - Departure: From 4:15 pm
- Reduction of working hours for childcare:
- Voluntary leave for childcare for a period of up to three years.

- Possibility of accumulating up to 100 negative hours, without economic repercussion, for personal matters, in exchange for subsequent replacement.
- Negotiated leaves
- Internal commitments are prioritised, and we seek not to plan trips abroad during the first 6 months of seniority.
- Capitalised cooperative returns (Individual Pension Plan)

Mondragon Assembly distributes annually among its working partners a percentage of its available results, such as cooperative return or participation in profits, which are capitalised and added to the capital stock of each partner.

This participation in the capital stock is indispensable until the moment in which the work partner ceases their activity in the organisation, constituting practically an individual pension plan with its increase maintained throughout their working life in the organisation. This corporate participation receives an annual remuneration in the form of interest on capital.

The annual individual allocation of the cooperative's return is based on the business cost of the partner or their total gross remuneration.

- Coverage of financing fees for a complementary Healthcare System
Mondragon Assembly assumes, for the benefit of its work partners, the joint payment of the precise quotas for the annual financing of an integral Healthcare system, complementary to that corresponding to Social Security, which Mondragon Corporation provides for its partners.

6.8 Occupational safety and health

Mondragon Assembly has integrated the management of Occupational Safety and Health in all the activities and processes carried out and its system is accredited according to ISO-45001: 2018.

In response to internal and external issues, the main changes to be adapted in this field are:

- Legal aspects: entry into force in 2018 of the new law that affects us as workers of the Metal agreement (requiring many more hours of training in Occupational Risk Prevention and continuous training)
- Technical aspects: Mondragon Assembly is diversifying the sectors to which they are directed, with new technologies to be integrated into the lines, with the appearance of new risks.
- Cultural aspects: on the one hand, the high workload is causing us to incorporate people from other areas with a different culture to our company; on the other hand, our manufacturing plants

are going to countries with very different cultures and sensitivities regarding occupational health and safety, which may cause greater risks for our workers.

- Workload: we have a lot of workload, which entails greater risks to be the staff, with greater tension.
- Hiring of personnel without experience.

In the **evaluation of risks and opportunities**, the following is detected:

- The most significant risks that we identified as level 4 are machine handling and tuning.
- In terms of machine handling, rates have greatly improved over the last few years, and in 2018, there were no specific objectives: design considers handling, makes instructions that are communicated in the instruction book of the machine, and 2 new cranes were placed in Hall B.
- As for possible trapping, it is still a risk that causes accidents, with continued work on its reduction. The goal was to make the set-up meetings that were implemented in 2017 to 95% of the projects. Around 50% have been carried out.
- Training in preventive resources for assembly and programming personnel was carried out to 9 people in 2018. There are about 17 people left to receive this training.

As a **result of the analysis of risks and opportunities**, the following **actions** are expected to be carried out:

- Ensuring that the start-up protocol is carried out systematically. To this end, weekly inspections will be implemented and technical means will be provided to allow the critical operations of the machines to be viewed without having to eliminate the safety barriers.
- Provision of training to the leaders regarding their obligations.
- It has been decided to provide annual training to the most critical professions on the risk assessment of their positions.
- A proposal was made to give training in preventive resources to 100% of programmers and assembly managers.
- Ensuring the implementation of the coordination of activities with solar power customers.
- Carrying out risk analysis of facilities that go to customers and do not pass through the factory.
- Performing measurement of electromagnetic emissions in the workshop.
- Change of coordination software for activities with entry control implementation.
- Performing risk assessment for the positions that use PVD in the workshop.
- Installing a crane in the third sector of pavilion B.
- A risk has also been identified in the coordination of activities with clients from countries that still do not have a sensitivity regarding the issues of occupational safety and health and prevention.

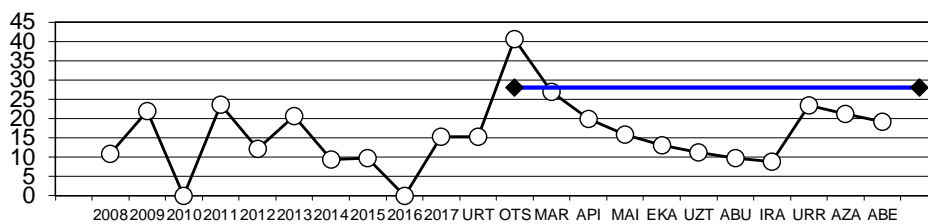
The **objectives** addressed in 2018 and their results were as follows:

Objectives	DEGREE OF ACHIEVEMENT
Reduction of levels 4 of risk assessment A (entrapment between objects), by holding meetings prior to the start-up of the machines	It is implemented in 50% of the projects, and work is expected to continue.
> Reduction of type 4 levels of risk assessment: performing analysis of the risks in the development of solar projects for the entire process: assembly, disassembly, transport, installation at the client, considering machines that are integrated	This objective was started in 2018 and continues in 2019
Achieving the level of training of the staff in PRL proposed by the Metal Convention	Training is pending for 17 people in the workshop. There is also a lack of training for office staff, scheduled for 2019.
Improving 10 points in the self-assessment of the implementation of a prevention culture according to the Garatuz model of Osarten	It has been improved by 7 points. It is not desired, but there is continued improvement in the integration of a culture of prevention in the company.
Carrying out a new assessment of the psychosocial risks of the Mondragon Assembly staff	It has been carried out, and the results are to be reported.

The **incidence rate of accidents** is low. Its evolution can be seen in the following chart:

2018ko LAN-ISTRIPUGARRITASUNA ACCIDENTABILIDAD 2018

INZIDENTZIAREN INDIZEA - INDICE DE INCIDENCIA 2018



INZIDENTZIA INDIZEA = Lan istripu kopurua / MILA langilekiko
SPM OSARTEN:: Media de las empresas de Osarten 2018

In the specific case of 2018, there were 5 accidents, 3 with leave and 2 without leave. One accident and two incidents were also reported.

In 2018, all accidents and incidents were investigated. These investigations are analysed at the safety, health and environment committee and the corrective actions are established and followed up.

With regard to specific **and customary activities**, every year, the following should be **highlighted in the field** of occupational safety and health:

- **Review of compliance with legal requirements and other requirements** : We have a contract with a specialised company that tells us the changes that affect us, and once a year, an assessment of compliance and corrective actions, where necessary, is carried out.

- > **Internal audits**; An internal audit plan is carried out by processes. In those audits, 11 non-conformities were found and corrected.

- > **Scheduled inspections**; 8 inspections were carried out, in which different aspects were reviewed, as well as coordination of activities, chemical products, offices, commissioning, and inspection of the workshop.

- > **Emergency and evacuation drill**;

- **Monthly occupational health and safety committees**: in 2018, 8 committees were held, collecting 32 action plans including suggestions, complaints, corrective actions for accidents and incidents, internal and external audits, etc.

- **Training** conducted in 2018 (4 courses) was as follows:

- Travel safety (September, 2 hours): 23 attendees
- CE marking of machines (November, 2 hours): 13 attendees
- CPR recycling course and use of the DESA (November, 2 hours): 10 attendees
- Basic PRL (December, 60 hours -20 face-to-face and 40 online): 9 attendees
- Osarten welcoming plan, 2.5 hours, 1 attendant.

-**Communication**: taking advantage of the monthly informative talks, communications were made on the occupational health and safety system, aimed at preventing accidents.

- **Health surveillance**: the following actions were performed:

- Special analyses were carried out for workers exposed to different chemical contaminants: three people were trained.
- There have been 32 new hires (12 MOD and 20 MOI), to which the relevant medical examinations were carried out.
- This year, 34 specific medical examinations were carried out, according to the existing planning (8 MOI and 26 MOD).
- Cardiovascular risk assessment has continued to be carried out on those aged over 50 years who were required to perform periodic examination.
- In 2018, no disability request was processed.

- The flu prevention campaign was carried out, with five people vaccinated, as well as prevention for international trips.
- The annual course on cardiopulmonary resuscitation and use of defibrillator was given with the first aid team workers.
- The epidemiological analysis was carried out..

Other issues to highlight in 2018 are:

- In 2018, the investment in a new plant was made in Pavilion A. During the work, a Health and Safety Coordinator was appointed, and compliance with all aspects of occupational safety and health was monitored.
- An installation of solar panels was also carried out on the roof, for which the appropriate coordination of activities and surveillance was also carried out.
- > No communication has been received (complaints, warnings, etc.) by the labour administration.
- > Despite the large presence, given the high workload, of people from suppliers and customers at the plant, no complaint has been received and no notable incidents have occurred in relation to these groups.
- In 2018, the policy was revised, and procedures were adapted to the requirements of ISO 45001: 2018.

Objectives for 2019:

- Ensuring the compliance of the machine tuning protocol. Carry out automatic setup of all the projects of the second semester with all the securities enabled.
- Improving working conditions of positions that use PVD in the workshop and implementing an adaptation plan.
- Ensuring the suitability of subcontracted personnel through a digital contracting system for subcontractors.
- Improving handling conditions of machines in Pavilion B by installing a crane.
- The health surveillance work plan for 2019 was carried out.

7 Ethical Behaviour

7.1 Compliance system

The year 2018 was marked by the consolidation of the criminal compliance system certified in 2018 according to the UNE 19601 standard. The system is assumed by the entire staff.

Mondragon Assembly has carried out an analysis of the risk of committing crimes in which current financial and non-financial controls were identified and new ones are proposed to reduce the residual risk. The form of work consists of improving our controls, supervising their compliance with efficient work of the Conduct, Social Responsibility and Compliance Committee, and ensuring the awareness and training of the people of the organisation.

At the same time that the compliance system was developed, performance indicators included in the Control Panel were defined, whose behavior is as follows:

DESCRIPTION	CALCULATION	UPPER LIMIT	LOWER LIMIT	2016 VALUE	2017 VALUE	2018 VALUE
> Number of improvement proposals (included in the CCRSC) implemented	Number of improvement proposals (in the field of compliance) made by the people of CERSC (or collected from outside) and implemented			0	1	0
> Percentage of complaints/non-conformities solved	(Complaints and/or non-conformities solved / complaints and/or non-conformities received in the CERSC) x 100	100	80	0	0	1
> Complaints about legal noncompliance	Number of complaints and/or penalties imposed by the different administrations	1	0	0	1	1

In 2018, an **analysis of internal and external issues** was carried out, including a review of the needs and expectations of the stakeholders. The most relevant issue was the entry into force of the Personal Data Protection Act, which included important work by the area of information systems.

Regarding the performance of the system, in 2018, five committees were held (3 ordinary and 2 extraordinary) and one complaint was addressed in the CCRSC and, later, in the governing body. A series of actions were launched to correct the problem reported. These actions were implemented as a new control.

One complaint was reported by the administration relating to waste containers on the pavement.

No complaints were received through the internal or external reporting channels enabled on the website.

In 2018, internal audits of different aspects were carried out during the months of May, June, November, and December.

7.1.1 Fulfilment of objectives

Regarding the **fulfilment of objectives**, in 2018, two were addressed:

OBJECTIVE 1:

“To define and implement the necessary financial controls so that the residual risk for the related crimes:

1. A "Business Corruption" and
2. "Crimes Against the Public Treasury / Social Security and the breach of accounting obligations" is less than 30"

To carry out this objective, a work plan was developed with the financial department, culminating in the expected results.

OBJECTIVE 2:

"All exposed people from all the plants were identified. They received training on compliance and signed the Code of Conduct and the different policies defined."

This objective was partially fulfilled. The exposed people were trained in Mexico and China and signed their commitment to the Aretxabaleta code of conduct and policies. The implantation in the plants of Germany, Brazil and India is pending.

7.1.2 Adaptation of protocols or procedures

In 2018, everything related to the RGPD and information security, inspired by the ISO 27001 standard, was worked on.

Some of the specific aspects developed are:

> Curriculum Vitae

- Adapting the form that collects the CVs on the website and in the newsletter
- Processing ARCO requests, limitation, and portability regarding CVs
- Writing the privacy policy of the website.

> Contracts

- Contracts with third parties conforming to the RGPD until May 2022

> Video surveillance

- Updating the Video Surveillance poster

- Procedure RGDPR_PR02 – Video surveillance (location of cameras, preservation of images, right of access to interested parties).

> Other procedures and policies developed include:

- Procedure for incident management: establishes mechanisms for the detection of data security violations.
- Staff and clean desk policy: prevent the access to unauthorised persons when the position is unattended.
- Elimination and destruction policy: prevent the retrieval of confidential information from disused media.
- Password policy: guarantees that access to personal data is by authorised personnel and prevents access by third parties.
- Backup copy procedure: regulates the safeguarding of personal data.

> The entire group has signed the document on the use of computer resources to avoid risk due to the improper use of computer resources.

> The entire group has signed a document giving authorisation to the company to use their personal data in the specific uses to which it is bound (relations with Fagor, Corporation, payroll, etc.).

> In order to integrate the culture of compliance in all the processes and activities of the company, the following documents were modified, and all persons were informed:

- Key offer-collection process: In the checklists of general approach, mechanical design and electrical design, a point was set to remind technicians that a surveillance of patents and utility models should be carried out.
- Changes in other documents: In the commercial offer and in the general conditions of purchase, contractual clauses were introduced aimed at reducing criminal risk.

7.1.3 Communication actions

- In 2018, communication channels were established with interested parties.
- The code of ethics and the defined policies were communicated to all the people of the company and published on the website.
- An internal email and an external email were established to channel the reports of the criminal compliance system.
- For the first time, the activity report was published on the website.

Regarding communication with workers, the informative talk of October was used to provide information on the development of the criminal compliance system, its objectives, and the improvement actions implemented.

7.1.4 Acknowledgements

During 2018 Mondragon Assembly received the Criminal Compliance certificate (UNE-19601), directly from the President of Aenor, in an event attended by the mayor of Aretxabaleta and the President of the Mondragon Corporation. It was the first company from Gipuzkoa and the first from the Mondragon Corporation to obtain this certification.

7.1.5 Objectives for 2019

Aware of the need to provide the system with more solidity, two objectives have been proposed for 2019:

- Completing the signing of the adherence to the code of conduct by the plants in Germany, Brazil, and India.
- Obtaining adherence of at least ten suppliers.

7.2 Commitment to human rights

Mondragon Assembly is defined in the Policy of its management system and is committed to complying with the 10 Principles universally accepted and included in The Global Compact:

- 1 – “Businesses should support and respect the protection of internationally proclaimed human rights within its scope of influence.”
- 2 – “Businesses must make sure that they are not complicit in human rights abuses.”
- 3 – “Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.”
- 4 – “Businesses should eliminate all forms of forced and compulsory labour.”
- 5 – “Businesses should ensure the effective abolition of child labour.”
- 6 – “Business must eliminate discrimination in respect of employment and occupation.”
- 7 – “Businesses should support a precautionary approach to environmental challenges.”
- 8 – “Businesses should undertake initiatives to promote greater environmental responsibility.”
- 9 – “Businesses should encourage the development and diffusion of environmentally friendly technologies.”
- 10 – Businesses should work against corruption in all its forms, including extortion and bribery.”

8 Relationship with the Environment

In 2018, a thorough analysis of the needs and expectations of the stakeholders was carried out, including an analysis of the risks and opportunities. The care of the environment on our part is a priority issue in our relationship with public administrations and society.

During the implementation of the environmental management system certified, according to ISO 14001, **the most significant environmental aspects** were identified and evaluated. The following are some of the most important quantities in terms of consumption and waste generated: The behavior of the year 2018 as well as the evolution over the years:

INDICATOR	MEASUREMENT UNIT/RATIO	2014	2015	2016	2017	2018
Mean staff	No. People	90	95	110	122	145
Paper consumption	kg	563,75	1.167,45	1.104,00	1.778,10	1.287,50
Energy consumption	KWh/year	513.616	392.611	427.823	500.869	745.612
Vehicle km	No.	73.890	91.684	77.354	76.044	84.608
Vehicle km	KM / Production Value (€)	0,01	0,01	0	0	0
Diesel fuel consumption	Litres/year	3.228	4.039	3.924	4.506	3.392
Mains water consumption	m3/year	855	884	685	755	1020
Mains water consumption	m3 / year / number of people	9,5	9,31	6,23	6,19	7,03
CO2 emissions	Tonnes	22	29	27	29	21
Cutting fluid residues	kg	0	0	600	94	0
Oil residues	kg	0	0	200	148	0
Solar module residues	kg	0	1.500	400	1337	1732
Paper and cardboard residues	kg	8.740	6.600	3420	4720	5620
Plastic residues	kg	4.100	3.480	3300	5800	4660
Wood residues	kg	2.940	3.900	4400	8360	28040

The aspects with a high level of significance that led to an analysis were the following:

- Power consumption. its increase is proportional to the increase in activity. As improvement actions, solar panels were installed on the roof and, in 2019, an energy audit will be carried out, and the investment in installing an energy management system will be studied.
- Water consumption and water discharge: it is considered that there is proportionality between the consumption and the activity of the company.

- Solar module waste: it increased based on the increase of the activity of the business. It is removed by means of an authorised hazardous waste manager. When valid modules are made, a draw is carried out among the workers.
- Wood consumption: It has tripled due to the special circumstance of conducting a client's activity in our facilities.

8.1 Fulfilment of the 2018 objectives

The two objectives established related to the environment were:

- Installing solar modules on the roof with the aim of achieving 18% of the energy consumed through renewable energy.
- Installing an energy management system in the building with the aim of reducing energy consumption.

A 100 kW installation was made on the roof, which began production in January 2019.

The second objective could not be achieved because it was not possible to allocate resources to it.

8.2 Environmental performance

In 2018, resources and efforts were devoted to the installation of solar panels on the roof.

Another aspect that was given dedication was the improvement in waste management. The management of the entire plant was reviewed, and a company was hired to come two hours a day and collect the waste and ensure its sorting.

In 2018, two investments were made in which all the environmental requirements were met (mezzanine construction and installation of solar panels on the roof).

The assessment of compliance with legal requirements and other requirements was performed.

Internal audits were carried out throughout the year in different aspects. In them, 4 deviations were found that have already been corrected.

8.3 Communication

At the information session in September, the entire group received training on the evolution of the objectives of the environmental management system and the degree of progress in the installation of solar panels on the roof to obtain energy from renewable sources.

In 2018, the 2017 report was published for the first time on the website, containing the environmental performance results.

Work was carried out to build an extension of Pavilion A. Relevant communications were made with the administration, as well as analysis of contaminated lands and correct waste management.

8.4 Objectives for 2019

Following the review of the system, opportunities for improvement were reflected in two objectives for the year 2019:

- Reducing vehicle fleet emissions by 30%.
- > Reduction of energy consumption by 5% (installation of an energy management system).
- Performing an energy audit.
- Reduction of energy consumption in offices through the change of lighting to LED lamps.

9 Responsible purchasing

Mondragon Assembly understands the integration of ethical, social and environmental factors is part of its responsibility and thus has sent its code of conduct and policies to its entire supply chain.

Mondragon Assembly wishes to extend the principles applied in the company to its suppliers and work with companies that integrate occupational health and safety in their activities, are respectful with the environment, and are ethically and socially responsible.

In 2018, the general purchasing conditions were modified in order to extend the good practices related to criminal compliance to the supply chain. These purchasing conditions are available on the website, where the following paragraphs are indicated:

REGULATORY AND ANTI-CORRUPTION COMPLIANCE

The SUPPLIER will respect the protection of human rights, minimum working conditions, environmental responsibility, and avoidance of corruption. Consequently, the SUPPLIER expresses zero tolerance for the crimes and expressly prohibits their execution, both directly and through third parties, in relation to the execution of this Contract.

Consequently, the SUPPLIER undertakes not to commit any act of corruption, including bribery, influence peddling and money laundering, as well as preventing this type of behavior from occurring within its organisation in relation to the execution of this contract. These manifestations affect both the SUPPLIER itself and all its personnel, as well as all subsequent subcontractors and any persons related to the SUPPLIER, for the fulfilment of this Contract. To such effects, the SUPPLIER undertakes to comply with the PURCHASER's Code of Conduct. The SUPPLIER declares that it has read and has access to the Code of Conduct available at www.mondragon-assembly.com. Similarly, the SUPPLIER shall provide the PURCHASER with any information requested by the SUPPLIER, at any time, to verify compliance with the Code of Conduct by the SUPPLIER.

In the event of non-compliance with the provisions of this Clause or the PURCHASER's Code of Conduct, the latter may terminate the contract in advance, notwithstanding other rights that may correspond to the PURCHASER, including compensation for the damages caused.

Another action taken was the implementation of a new software program to manage the compliance of safety and health conditions and the law on occupational risk prevention by all subcontracted companies that are required perform some type of activity in the facilities of Mondragon Assembly. In 2019, it will be implemented for companies in other countries. In 2019, a study will be conducted on how to demonstrate compliance with the conditions of occupational safety and health, respect for the environment and criminal compliance in suppliers.