

ANNUAL REPORT

2019



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LETTER FROM THE GENERAL MANAGER

In the year 2019, MONDRAGON ASSEMBLY S, Coop has achieved good results, very similar to those of the year 2018.

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 2019 has been positive. At the group level, we have created 30 new jobs, with 4 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 €1.1 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, Loramendi, etc.).

In terms of business, 2019 has also been good. At the sales level, we have reached €77 million in consolidated sales. The year was also positive in terms of results. We have not reached what was planned in our management plan, but we maintained profitability on sales very much above the average of our sector.

We must not lose sight of the fact that our goal is controlled growth. Our growth depends on our people – they 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 2019, we approved an investment of €3.5 million for the construction of a plant in China, in which we plan to move from our current location in July 2020. With this investment, we will build a state-of-the-art plant with an area of 6,000 m² for production area and 2,000 m² for offices. Currently, we are a business Group with plants in Germany, France, Mexico, China, Brazil and India, with more than 450 people working directly in our plants.

We have moved our commitment to doing things well to become one of the first companies in the Basque Country to be certified in an Integrated Management System according to the standards **ISO 9001-2015** (quality), **ISO 14001** (Environment), **ISO 45001** (Occupational Safety and Health), **SR 10** (Social Responsibility) and **UNE 19601 on Criminal Compliance** (ethics in the way of doing business). These recognitions 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.

In 2019, we incorporated into our different plants many young people with little experience in the business world and with whom we have a commitment to professional development. 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 2020.

We maintain our values of sharing wealth and information with all our subsidiaries. This year, again, we have distributed among employees of our foreign subsidiaries 10% of the results before taxes that we have obtained there. It is a way of telling them that our achievements would not be possible without them and that it is fair to share our wealth with them. 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 approved investment in solar panels is already operational and is allowing us to be largely self-sufficient in energy generation and consumption, thereby demonstrating our commitment to the environment and sustainable energy generation. In 2020, we will be tackling a new investment in aesthetic façade panels.

For 2019, we have strived to continue working during 2020 on the governance of the Group and management of growth. These two aspects continue to be important in 2020, and we must continue working on them to achieve stability and security in our project. The management of global projects shared between two or more plants in the group is leading us to work on the communication aspect and transfer of knowledge between plants in a more efficient way than in the past.

The year 2020 is presented as one of demanding challenges for our company. The market is more complicated than in previous years and the definition of where to capture projects and make them profitable will be vital for continuing on the path of sustainable development in which we find ourselves, where each of us must give the best of ourselves to continue being a company where people feel proud to belong.

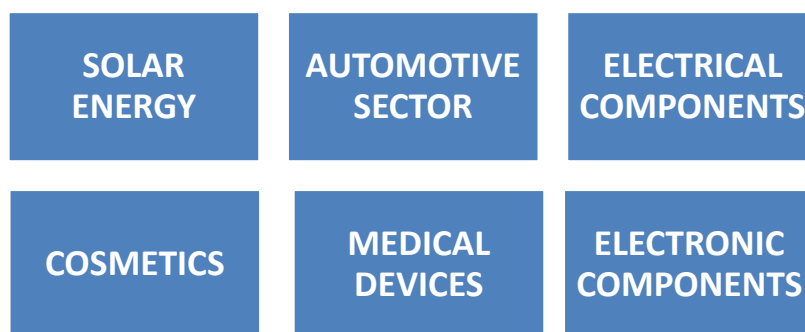
1 Introduction

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.

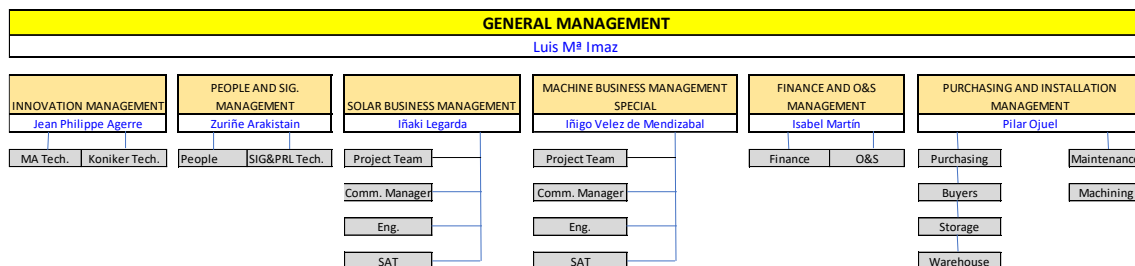
Mondragon Assembly is a cooperative that develops a responsible and sustainable business activity, which seeks profitability adjusted to a code of conduct, compliance with the law, and the creation of added value permanently for its clients and other interest groups.

Other data of interest

-  Over 430 employees around the world
-  Over €75 million in sales
-  6 production plants around the world
-  Over 40 years of experience

1.2 Organisation chart and business structure

The organisational structure of Mondragon Assembly is as follows:

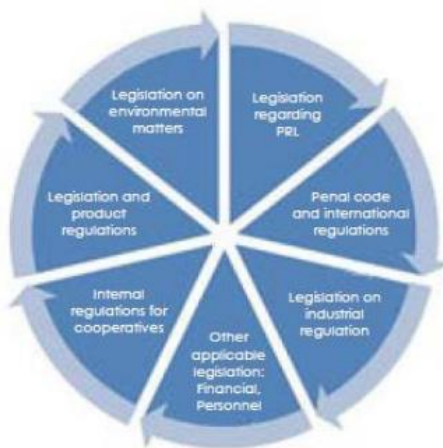


1.3 Our environment

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 channelled through the management plans. The analysis of 2019 is presented:

	IDENTIFICATION OF SUBJECTS	HOW IT AFFECTS	FOLLOW-UP AND ACTIONS
EXTERNAL CONTEXT	LEGAL ASPECTS	They affect changes in local, regional, state, European and even global legislation since MA operates throughout the world.	The legislative changes are monitored according to procedure P02. In the countries where our plants are located, they are responsible for monitoring legislative changes.
	FISCAL ASPECTS	They affect changes in local, regional, state, European and even global legislation since MA operates throughout the world.	
	TECHNICAL ASPECTS	They affect changes in product regulations worldwide.	The CE regulations are monitored through Koniker and Osarten. In the case of other markets, our plants follow the regulatory changes.
	MARKET ISSUES BY SECTORS	They affect changes in product legislation, taxes, environmental aspects, safety aspects, etc.	Follow-up according to P02. Technological vigilance (innovation).
	TECHNOLOGICAL SCOPE	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.	Follow-up according to P02. Technological vigilance (innovation).
	COMPETITIVE CONTEXT	It affects the appearance of competitors in all sectors and countries where we operate.	Follow-up according to P02. Technological vigilance (innovation).
	ECONOMIC CONTEXT	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.	"Informal" follow-up from senior management: reports, etc.
	CULTURAL ASPECTS	It affects, when approaching the market, business relations, compliance with the code of ethics and policies	Continuous commercial training and other staff, Training in multiculturalism
INTERNAL CONTEXT	VALUES AND CULTURE OF THE ORGANISATION	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, RSC, quality, etc.	The mission, vision, values, IMS policy (including compliance, CSR, environment, STT, and quality), code of ethics and policies are defined. It is disseminated through the informative talks. Satisfaction surveys are carried out every two years, followed by the establishment of improvement plans. It is explained to senior management and the governing body. Team building and coaching at the plants in Mexico and China. Invitation of people from external plants to the General Meetings
	SOCIAL ASPECTS	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	The communication method affects the receptivity of people to all new initiatives, including the implementation of management systems of any kind.	It is an aspect that has been addressed (see P03 and P11). Informative talks and General Meetings
	WORKLOAD	It affects the implementation of all new activities.	It interrelates with those responsible for the areas to adapt the resources to the activity. Weekly planning meetings. Talent management project to attract potential.

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 internal and external issues were vital contributions to the realisation of the 2017-2021 Strategic Plan and will be updated again for the implementation of the next Strategic Plan.

Just as in 2018, many resources were dedicated to adapting to the LOPD and information security. In 2019, efforts were devoted to internal issues of values and culture of the organisation, with the launch of the Arima project in order to integrate and promote our values among the people who have joined our organisation in recent years.

1.4 Needs and expectations of the groups of interest

In 2017, interest groups were identified to fulfil the requirements of the social responsibility management system, and the procedure P26 “Identification of interest groups. Identification and evaluation of issues” was developed, 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 2019 and/or are planned to be addressed in 2020:

INTEREST GROUPS	SUBJECTS (needs, expectations, etc.)	CURRENT MANAGEMENT	MEANS OF COMMUNICATION FOR RS ISSUES	ACTIONS
Customers	Fulfillment of specifications: quality, price, deadlines	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	The attraction of new clients has continued, and the solar business has continued with the strategy of achieving more visibility through fairs and conferences.
	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.			
ADMON./Location	Legal compliance Licences. Improvement of the surrounding area: environment, image Creation of jobs locally	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	1 social responsibility initiative ongoing in Aretxabaleta (with UDA)
ADMO./RELEVANT AUTHORITY	Compliance with tax obligations Legal compliance Criminal compliance	P02, P25	Via Web	Publication of the annual report on the website
MA WORKERS - Aretx.	Professional Development Generation of value and employment Safe work environment Collaborative work environment Knowledge Effective communication information Participation Solidarity	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.	Internal communication policy designed in 2018 Launch of the "Arima" project to work on the values and integration of the entire staff
	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 Assumption of the principles, values and management model			
MONDRAGON	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	Reconversion of results according to internal regulations within the principle of solidarity
MIA GROUPING (MONDRAGON)	Assumption of the principles, values and management model Generation of value and employment Solidarity Benchmarking, best practices Generation of value and employment			
OWNERS (WORKERS PARTNERS)	Financial profitability Product quality and service Growth (Sectors, Volume) Solidarity	Management through P11, P23	The perception is collected minimally in the annual Meeting of the cooperative and the monthly informative talks	In 2019, the variable payment and the payment of the interest of the contribution were achieved
FAGOR	Solidarity 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	Reconversion of results according to internal regulations within the principle of solidarity
PARTNERS AND ALLIES	projects Product exchange Image on the market Value added to the client			
INTERNAL/EXTERNAL CONTRACTS	Ethical collaboration and criminal compliance, compliance with the code of ethics and policies Safe work environment Workload flexibility	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.	In 2019, the improvement of coordination of business activities was promoted with suppliers and subcontractors working in our plant, as well as Social Responsibility system.
	Ethical collaboration and criminal compliance, compliance with the code of ethics and policies			
SUPPLIERS	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 area Image of MA in the surrounding area	Management through P11, P17, P20, P25.	Web channel and interviews with local authorities Work has been done to ensure greater presence in the press	A social responsibility initiative is ongoing in Aretxabaleta (with UDA) to avoid drug dependence among young people in the region. In 2019, the installation of solar panels placed on the roofs began to work, achieving 11% of energy without CO2 emissions.
	Criminal compliance			
FINAL 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	Progress is being made with the Industry 4.0 project for remote assistance and service improvement.
COMPETITION	Criminal compliance regarding property rights Respect for free competition (no price agreements, etc.) Technological surveillance	Technological surveillance	Results are published and communication is maintained with some competitors.	Intellectual property is respected and competition is carried out while maintaining ethical behaviour at all times.
TECHNOLOGY CENTRES	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	In 2019, an agreement was made to develop technologies related to hydrogen.
UNIVERSITIES	Obtaining qualified personnel Gathering talent	Agreement defined	Personnel management holds regular meetings	Master's Degree in Automation: We have participated in the design of the Master's degree, and 11 students have been hired to carry out projects in our Management visits every three months Purchasing forum Finance forum Distribution of benefits to plant personnel Implementation of joint projects People forum
	Joint projects Synergies in purchases, sales, and projects Common culture			
EXTERNAL PLANTS (SUBSIDIARIES)	Criminal compliance, respect for the code of ethics and policies Profitability	P25. Follow-up activities defined.	Communications are constant through different forums, whose content and periodicity are defined (general management and finance management)	
AFFILIATES/GOVERNMENT ASSOCIATES	Supervision of criminal compliance, code of ethics and policies Criminal compliance, respect for the code of ethics and policies	P25, participation in steering committees	Communication through regular meetings of normal work dynamics. The general management is occupied	No news in 2019
COMMERCIAL SUBSIDIARIES	Having reliable and competitive products and services Ethical business practices, respect for free competition	P25, P24	Communication through periodic meetings with business directors	Plants in France, India and Brazil have accepted the code of conduct and the social responsibility and compliance policies

1.5 Risk management

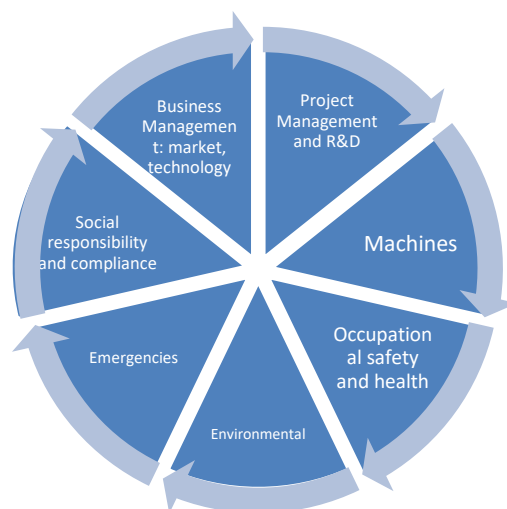
Mondragon Assembly systematically manages risks and opportunities in all areas, as we believe that a risk management implementation may help:

- 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.

Mondragon Assembly carries out this process in all its activities and processes, as can be seen in the following diagram:



We indicate below the risk and opportunity analysis carried out in 2019 and the planned actions to take advantage of the opportunities and avoid the risks detected in the preparation of the Management Plan. The actions planned for 2020 can also be observed:

Scope	Subject	R/O	Description	Actions	Deadli	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	abe-19	The vehicle fleet has been changed, with a reduction in emissions by 2.39%.
Environment	Environmental prevention	R	Having activity licences in the pavilions and works carried out	Obtaining a license for Hall 2 of Markulete, the mezzanine and the installation of solar panels	abe-19	The adaptation works are being carried out in the Markulete pavilion and are scheduled to end February 2020. The activity licence for the mezzanine floor implemented in 2018 and the installation of solar panels has been received
Environment	Internal staff	R	Lack of knowledge of the environmental management system of the plant	Providing training by means of pills in the monthly informative chats, send the documentation to all personnel by email and monitor the operation	abe-19	Training given in January on the operation of waste containers. In October, information about the environmental system was given to the entire group.
Environment	Energy consumption	O	Reducing energy consumption by installing solar panels on the roof	Performing panel installation	abe-19	Performed and being produced since January.
Environment	Energy consumption	O	Performing energy audit and study possibilities for reducing consumption through intelligent management	Carrying out a project to evaluate possibilities of implementing an energy management installation Carrying out an energy audit Change of lighting in offices to low-consumption LED lamps	abe-19	The energy audit has been carried out and a C grade has been obtained in the building. There are offers to carry out the installation of the energy management system. Its implementation by our means is being. Planned for execution in 2020. The change of the lighting fixtures to LED in the offices is pending
Environment	Energy consumptions of the machines we	O	Recording the consumption of the machines designed and produced at MA and the measures taken to reduce it	Starting registration and performing follow-up in the Safety, Health and Environment Committee	abe-19	Pending registration of machines produced in 2019
Environment	Energy consumption reduction	O	Project modules in monitoring façade	25 kw to obtain from façade modules	abe-19	Work is being done on the consumption monitoring part and the request for offers for the installation of modules
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	Installing new software that can be connected to the input control	abe-19	The new software has been installed It has been implemented for foreign companies The connection between the CAE information and the input control is planned for 2020
Safety and health	Ergonomic risks	R	Impromptu workshop programmer positions, without adequate means, with possible ergonomic problems	Conducting risk assessment, corrective action plans and implementation	abe-19	Pending, to be carried out in 2020
Safety and health	Risks in machine handling	R	Sector 3 of Pavilion B does not have a crane	Installing crane to avoid risks and improve ergonomics in machine handling	abe-19	It was installed in late July 2019
Safety and health	Electromagnetic wave risks	R	Equipment has been detected that integrates radiation into our machines	Measurements have been made, and correction actions have been carried out	abe-19	People with medical implants are prohibited from entering the workshops, and a distance should be kept from pregnant women
Safety and health	Travel risk	R	MA implements projects around the world, and almost 100% of the workforce travels	Conducting travel risk assessment and implementing actions to eliminate or reduce them	abe-19	A procedure to be followed in the case of travel has been defined, working systematically in coordination with the person hiring the travel.
Safety and health	Machine tune-up risks	R	Grade 4 risk: machine tune-up	In 2019, a project was carried out to define how the machine should be designed and how the set-up should be carried out with maximum safety	abe-19	It is an exhaustive work already defined during 2019 and to be implemented in projects throughout 2020
Safety and health	Training with Metal Agreement	R	Mondragon Assembly has decided to comply with the training required by the metal agreement	An inventory of people and required training has been implemented, with planning for 2019	abe-19	In 2019, the scheduled training was provided except for specific absences that remain for 2020.
	Commercial	R	In the Solar area, lack of machinery to complete the offer	The alliance with competitor Meyer Burger has been established to jointly bring the most competitive offer to the end customer in light of the stiff Chinese competition	abe-19	In 2019, two large projects were carried out jointly.
Strategic and management	Commercial	R	Sales concentration in few clients in the special machinery business	Working to gain new clients	abe-19	In 2018, two new clients were obtained. In 2019, another one was obtained.
Strategic and management	Company	R	Workload, crisis	Coordination between businesses to avoid generating unemployment	abe-19	It is being carried out. Carrying out special actions to attract non-regular clients
Strategic and management	Company	R	Competitiveness in ME costs, Chinese competition	Working to gain new clients	abe-19	Commissioning of equipment to reduce costs (design + purchasing)
Strategic and management	Company management	R	Brazil plant with difficulties regarding results	Continuing with the special monitoring implemented	abe-19	It was improved in 2019 and the projection for 2019 is good. Stability has been achieved. In 2019, it presented positive results
Project management	Talent recruitment	R	Risk of lack of qualified personnel in both businesses to undertake the projects	Carrying out project for recruiting and maintaining talent. Participation in job fairs	abe-19	A plan has been defined, and its degree of execution is advanced. It will continue in 2020.
Machines	Risk assessment	R	CE marking regulations: It requires the risk assessment of all the machines that are marketed in CE.	Reviewing standard machine evaluations and current special formats	abe-19	In 2019, the risk assessments of the solar machines were revised, adapting them to the new format.
Social responsibility	System improvement	O	Continuing 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	abe-19	The planned actions were carried out except for the open-door conferences, which are planned for 2020.
Social responsibility	System improvement	O	Studying formula to incorporate disabled staff	Contacting Gureak or other organisations	abe-19	Different contacts have been made, with a decision to collaborate within the digitisation project.
Social responsibility	System improvement	O	Implementing healthy company actions	Awareness not to use the lift Fruit once a month Mindfulness courses Nature outings for internal personnel	abe-19	It had good reception. The planned actions were confirmed and will continue in 2020. It is a participatory project through the Social Council.
Criminal compliance	System deployment	O	Implementing compliance measures in 10 suppliers	The document has been drafted	abe-19	Signatures have been collected from 10 suppliers, and the response of more suppliers is pending.
Criminal compliance	System deployment	O	Finishing implementation in Germany, France, Brazil, and India	The code of conduct and the policies must be minimally signed by the persons defined as especially exposed	abe-19	France has implemented its own Compliance system. Mexico and China signed in 2018 and Brazil, India and Tunisia have recently signed. The work in Germany is ongoing, pending receipt of signatures.

1.6 Strategic challenges

Mondragon Assembly carries out a strategic reflection every 4 years, and five areas have been defined for the period ending this year 2020.

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	Strengthening the positioning as a company that delivers a global service and is acknowledged as such in the market. With a set of autonomous, self-financed plants. Relevance of brand management.
2. GOVERNANCE MODEL	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.
3. BUSINESS MANAGEMENT – RELATIONSHIP WITH CLIENTS	Active search for opportunities, offer management, and global projects: development of the commercial approach to take advantage of local and global opportunities.
4. INNOVATION	Technology and market surveillance to support business development. Technology partners. Knowledge management in the Group. Industry 4.0.
5. PEOPLE	Capturing and developing talent in a global organisation. Multicultural development – mobility, knowledge flows. Generational relay planning. Committed and satisfied people. Capabilities for global project management.

In 2019, steps were taken to achieve the challenges in the strategic planning horizon.

The degree of progress at the beginning of 2020 is as follows:

1. Consolidation of the global presence Throughout 2019, several plants worked jointly on 4 global projects and standardised at the electrical design level. Two other global projects are currently being worked on.
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. External plants have achieved results above 5% on sales, and there are none with negative results.
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. Internet 4.0 is already a reality. The project is 94% ahead of schedule, SAT solar and the main special machinery client already have a remote connection

for the lines that are being built, and work is in progress to integrate analytical tools for improving diagnosis.

- b. Work continues on the collaborative robotics prototype.
- c. Spending on innovation has been 5% on sales.
- d. A joining technology project has been developed, with a progress of 94%.
- e. A battery project has been carried out, with offers made for more than €3 million in the year.

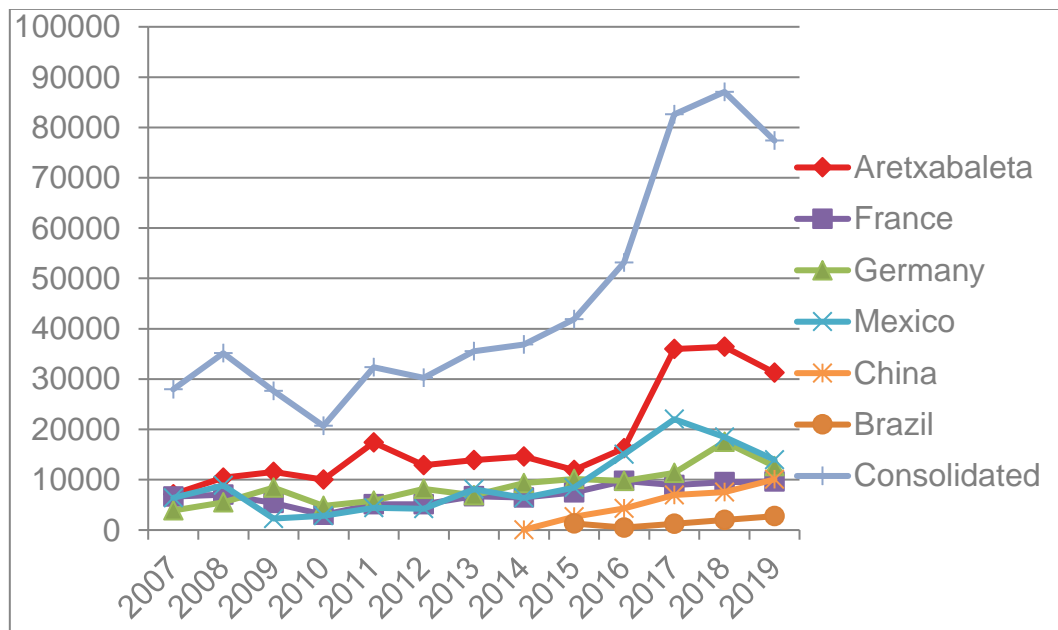
5. People

- a. The talent detection plan and a development plan have been carried out in the group, also providing a diagnosis of the talent needs in each plant.
- b. Regarding the development of the group's multiculturalism, in 2019, the purchasing, finance and people forums were held, as well as three management councils for the entire group.
- c. Work continues so that at least 50% of people reach the level of English defined in their profiles.
- d. In 2018, an organisation was defined to manage global projects, with this management being carried out in 2019, improving coordination.
- e. As for the mobility culture, in addition to the implementation of four global projects, five people have changed plants.
- f. Regarding the organisational culture survey, the current score of the Aretxabaleta plant is above 4 on a scale of 1 to 6, and 85% of people have declared their commitment to the Mondragon Assembly project (2017 survey).

2 Main Magnitudes of Mondragon Assembly

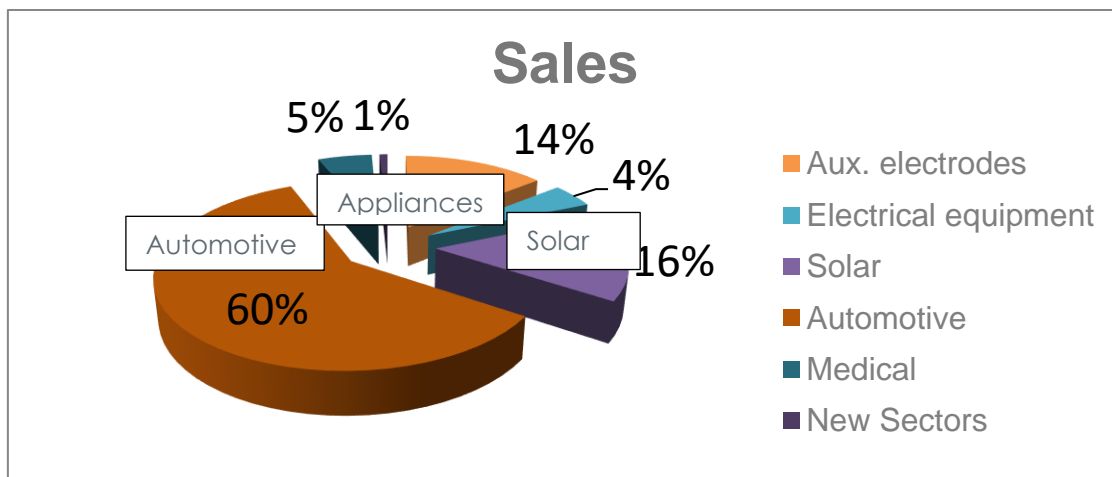
We present below our main magnitudes: sales, sectors in which we operate, and evolution of the number of people.

2.1 Sales evolution

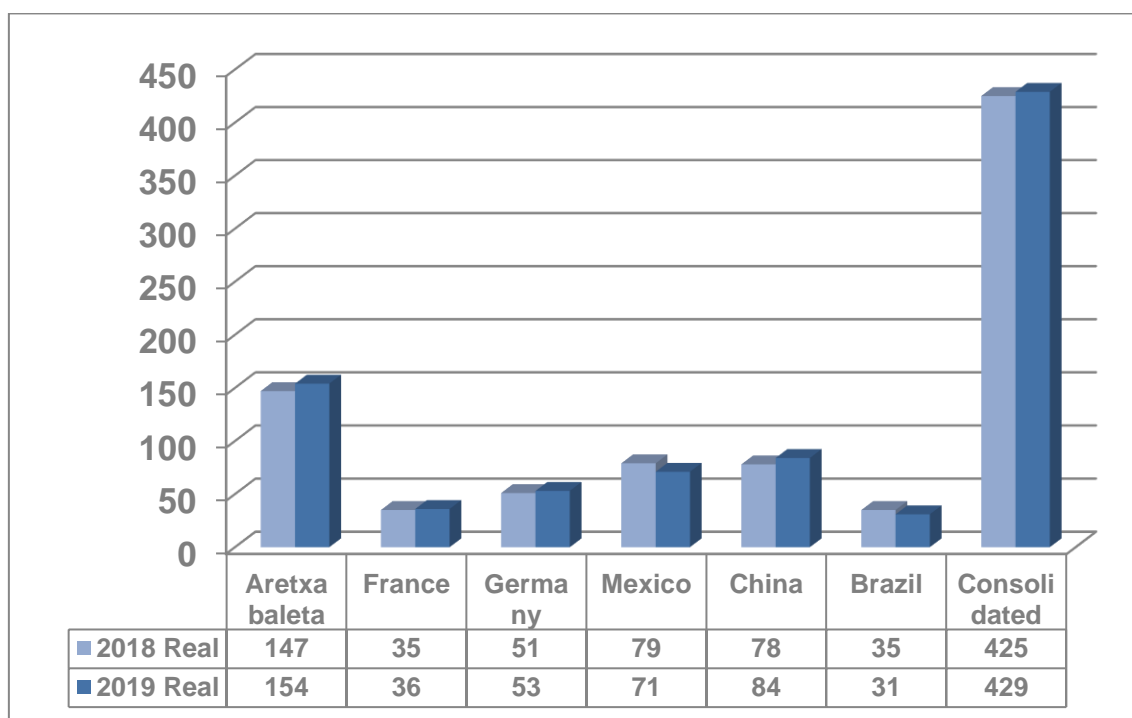


2.2 Sales by sector

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



2.3 Staff evolution



3 Socially responsible management

3.1 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

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.
2. Innovation. To promote the Development and Implementation of alternative and/or novel solutions, in both daily and emerging situations.
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.
4. Teamwork. Cooperating and collaborating with others based on trust, supporting each other in the achievement of a common goal.
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.
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.

3.2 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.

Mondragon Assembly is a cooperative company that has been operating the market for more than 40 years. A social responsibility duty is implicit in its genesis: Work is prioritised over capital, benefits are not monetised, but rather are reinvested in the activity, there is solidarity in the distribution of wealth, the participation and integration of people is promoted in management, etc.

In the market, there is an increasing sensitivity for corporate social responsibility.

Conversely, the new generations that are entering the labour market are more sensitive to the environment, family reconciliation, and sustainability.

For this reason, Mondragon Assembly implemented in 2018 a social responsibility management system that was certified according to the SR 10 standard and kept developing it during 2019.

After reviewing the internal and external issues that affect the social responsibility management system, the most relevant aspects managed during 2019 have been the following:

- Slower investment rate scenario in our clients, which affects the low workload that must be managed with our workers.
- Chinese competition in both businesses. It affects margins and delivery times, which are increasingly tight.
- Maintenance of company values and culture in light of the rapid growth of the workforce over the last three years.
- Training in Occupational Risk Prevention: adaptation to the requirements of the Metal Agreement.
- Workers' concern for social aspects: environment, participation in projects to improve the surrounding community, etc.
- Improved communication and participation of workers.

3.2.1 Degree of achievement of objectives

The objectives related to social responsibility and compliance for 2019 are the following (along with their estimated compliance):

> **Instilling a culture of health among the workers of the “Mondragon Assembly”:** In 2019, actions related to this objective were launched, such as the promotion to stop using lifts, bringing fruit one day a month for consumption by all the workers, promotion of mindfulness courses, disclosure talks, nature trips organised in the period when Friday afternoons did not have a work shift, etc.

> **Hiring of persons with disabilities** directly or through subcontractors: thanks to the establishment of this objective, contacts have been maintained with the company Gureak, culminating in the management of document digitisation by this company. More avenues for collaboration are open.

> **Obtaining explicit commitment from 10 suppliers with respect to the objectives of the Global Compact and ethics in trade relations:** In 2019, ten suppliers were able to sign the commitment to these policies and principles. This work will continue to be promoted throughout 2020.

3.2.2 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 2019:

CONCEPT	TOOLS FOR COMPLIANCE	CONTROLS	RESULTS AND/OR EVIDENCE
Purpose			
Scope			
Compliance requirement and commitment	> Acceptance, in Aretxabaleta, in the Welcome Plan	> Annual internal and external audit	> Signed acceptances
Principles and values	> Acceptance, in Aretxabaleta, in the Welcome Plan > Annual performance evaluation	> Annual internal and external audit > Performance evaluation reports for each person	> Internal audit results: nothing negative worth mentioning > Performance evaluation reports for each person
Communication and availability of the Code of Conduct	> Knowledge during the Welcome Plan > Available on the internal network of MA – Aretxabaleta and on the website	> Annual internal and external audit	> The code of conduct is available on the website and is disclosed to all workers in the Welcome Plan > Internal audit results: nothing negative worth mentioning > There is no record of noncompliance
Rules in relation to people			
Compliance with the legislation	> P09 > Defined work processes	> Financial and non-financial controls (See "M25-01_AnálisisRiesgosComisión Delitos_v03_11_2019 (AuditInter)") > Annual internal and external audit	See complaints
Rules of Procedure	> Cooperative internal regulation > Social statutes	> Financial and non-financial controls (See "M25-01_AnálisisRiesgosComisión Delitos_v03_11_2019 (AuditInter)") > Annual internal and external audit	> Results: nothing negative worth mentioning
Gifts and presents	> Anti-corruption policy	> Financial and non-financial controls (See "M25-01_AnálisisRiesgosComisión Delitos_v03_11_2019 (AuditInter)") > Annual internal and external audit	> Results: nothing negative worth mentioning
Conflict of Interest	CONFLICT OF INTEREST POLICY	> Financial and non-financial controls (See "M25-01_AnálisisRiesgosComisión Delitos_v03_11_2019 (AuditInter)") > Annual internal and external audit	> Results: nothing negative worth mentioning
Confidentiality	> Privacy and confidentiality policy > Password policy > Use of computing resources > Use of mobile devices > Worker resignation > Signing of Policies and uses relating to O&S	> Financial and non-financial controls (See "M25-01_AnálisisRiesgosComisión Delitos_v03_11_2019 (AuditInter)") > Annual internal and external audit	> Results: nothing negative worth mentioning
Corruption and bribery	> Anti-corruption policy	> Financial and non-financial controls (See "M25-01_AnálisisRiesgosComisión Delitos_v03_11_2019 (AuditInter)") > Annual internal and external audit	> Results: nothing negative worth mentioning
Rules in relation to occupational health and safety			
Health surveillance	> P14 > ISO 45001	> Annual internal and external audit	See "OCCUPATIONAL HEALTH SERVICE ACTIVITY REPORT – YEAR 2019 – MONDRAGON ASSEMBLY"
Prevention of occupational risks	> P15 > ISO 45001	> Annual internal and external audit	> See "Garatuz Model Self-Assessment 2019" in RSD (?) > Discharge of PRL Committee 2019 activity
Compliance with the current legislation	> P14, P15 and ISO 45001	> Annual internal and external audit	> See Revision of the legislation of the PRL and Environment systems
Rules in relation to the Environment			
Compliance with the current legislation	> P17 (ISO-14001)	> Annual internal and external audit	> See Revision of the legislation of the PRL and Environment systems
Rules in relation to priority interest groups			
Customers	> P01, P04, P11, P16, P24 and P26	> Annual internal and external audit	> Results: nothing negative worth mentioning
Suppliers	> P01, P11, P16, P21, P22 and P26	> Annual internal and external audit	> Results: nothing negative worth mentioning
Administrations	> P01, P02, P11, P25 and P26	> Annual internal and external audit	> Results: A complaint was received from the administration because the Municipality of Arrasate detected that work was being carried out in the Alecop pavilion without having an activity licence.
Society	> P01, P11, P17, P26 and P26	> Annual internal and external audit	> Results: nothing negative worth mentioning
Competition	> P01, P02, P11, P25 and P26	> Annual internal and external audit	> Results: an ethical competence has been implemented
Crime prevention and criminal risk management system (compliance)	> P25+P25 (criminal risk assessment) > IP09 (due diligence for exposed persons and organisations) + M25-02 (due diligence report to third parties)	> Financial and non-financial controls (See "M25-01_AnálisisRiesgosComisión Delitos_v03_11_2019 (AuditInter)")	> The system review and improvement action plans have been carried out. > A further step was taken to extend the system to outside plants (people from India, Tunisia and Brazil)
Conduct, Social Responsibility and Criminal Compliance Committee			
Internal channels for noncompliance communication	gestionetica@mondragon-assembly.com	> CCRSC	> Collection and handling of 1 anonymous complaint from Brazil
External channels for noncompliance communication	socialresponsibility@mondragon-assembly.com	> CCRSC	> Compliance complaint received from company in China
Disciplinary regime	> Cooperative internal regulation > Social statutes	Governing Council	> There was a complaint by a worker for unfair dismissal. A trial was held in which MA won.
Compliance assessment and update	> Operation of the CCRSC	> Periodic meetings (minutes)	> Annual report of the CCRSC

3.2.3 Communications with the groups of interest

Since 2018, the website has been enabled as a communication channel with stakeholders. The code of conduct and policies are published, allowing access to reporting channels.

- In 2019, the 2018 activity report was published.
- Among the workers, the monthly informative talks have been used to report on the management of the different systems:
 - January:
 - Waste managementVarious topics about Occupational Risk Prevention (ORP)
 - February:
 - UDA anti-drug project
 - Equality Plan
 - Social responsibility
 - July:
 - Travel safety policy
 - ORP: safety regulations
 - October:
 - Solar panels
 - Environment
 - November:
 - Criminal compliance
- Continuity has been given to supporting the UDA in its project to avoid drug dependency among the youth of the region.

Specifically, the company participated in an Olympiad in San Sebastián (4,5,6 and 7 June), contributing with various materials, t-shirts, and posters.
- Last March, we had the visit of the members of the “Engendering STEM” project from different cities, such as Glasgow, Scotland. The Engendering STEM project aims to help companies in the STEM sector (Science, Technology, Engineering and Mathematics) to accept change by identifying the obstacles that women have to access a work environment and subsequently applying solutions to make reduce those barriers.
- The CCRSC has been renewed in 3 people (those belonging to the Supervisory Commission).
- 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 2019, procedures were carried out to obtain the activity licences for the mezzanine and the installation of solar panels on the roof.
- **FAMILY CONCILIATION:**
As of 2019, 12 people are accommodated at special times as a family reconciliation measure:
 - 4 people, 7 hours a day.
 - 2 people, 6 hours a day
 - 1 person, 5.25 hours
 - 3 people, 5 hours a day
 - 2 people, 4 hours a day
- **HEALTHY COMPANY:**
In 2019, a healthy company project was developed. Information pills were given, free fruit was brought in for workers one day a month, and courses were given to improve workers' health (mindfulness, etc.).
An outing to nature for workers was been organised, as an initiative organised by the Social Council.
- **PARTNERS AND ALLIES** In 2019, the Alliance made in 2018 with Meyer Burger was developed, with the implementation of two important projects together, and a process has begun to achieve a form of alliance with a Chinese company that manufactures a machine to complement the offer of the solar business projects. A Due Diligence process is underway to define the type of alliance or partnership to establish.
- **SOCIETY / ENVIRONMENT:** In 2019, a company was hired to ensure the correct separation of waste, carrying out its disposal much more frequently.
- **END USER:** The Industry 4.0 project to achieve connectivity and improve service to end users is already well advanced – it is a reality.
- **TECHNOLOGICAL PARTNERS:** Work is underway with a local technology center to develop hydrogen technology. Collaboration in photovoltaic technology projects continues with the main French technology centre in renewable energy.
- **UNIVERSITIES:** We participated in the design of the Master's degree in automation at MU and are committed to taking at least two students to do internships with the possibility of a subsequent hiring.

Participation in open days and talks at the University.

>In 2020, 27 students worked with us through a University-business agreement. Another 11 students carried out paid work through the company Alecop. Two scholarship holders are also working with us.

- EXTERNAL PLANTS: Purchasing, finance, and people forums have been held, and four global projects have been developed.

Construction of a new plant in China has begun.

All individuals in the Tunisian and Indian business subsidiaries have signed their commitment to the code of conduct and the anti-corruption, conflict of interest and confidentiality policies.

People in especially exposed positions at the Brazil plant have also signed their commitment to the code and policies.

The France plant has established the bases to implement its own Compliance system, having its own code of conduct and policies.

- 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:

EVENT	SUBJECT	DATE	SPEAKER
Press conference	UDA project against drug addiction of the – Celebration of the Olympiad	2019/6/14	Jose Mari Eizagirre
Corporation forum for managers	Diversification strategy	19-uzt	LM Imaz
IMH fair	Presentation / Job Fair	2019/11/11	Eider / Lierni
Merkalan azoka	Job Fair	21/10/2019 – 22/10/2019	Eider / Lierni
MU Lanbai	Job Fair	2019/6/22	Eider / Lierni
MONDRAGON UNIBERTSITATEA (Engineering)	Open Doors	2019/5/23	Usue
MONDRAGON UNIBERTSITATEA (Engineering)	Open Doors	2019/11/28	Eider / Lierni
MONDRAGON UNIBERTSITATEA (Entrepreneurship)	Open Doors	2019/2/2	Usue
MONDRAGON UNIBERTSITATEA (Entrepreneurship)	Open Doors	2019/5/19	Usue
MONDRAGON UNIBERTSITATEA (Entrepreneurship)	Open Doors	2019/12/12	Usue
Gipuzkoa Chamber	Job Fair	2019/5/9	Usue / Lierni
Gipuzkoa Talent	Presentation / Job Fair	2019/12/21	Usue / Lierni

3.2.4 Objectives for 2020

The proposed objectives to develop social responsibility during 2020 are the following:

1. Implementation and start-up of the M. Assembly Employee Portal to improve and simplify the exchange of information between the company and the workers by the end of December.
2. Deployment of the people management software, which allows the digitisation and optimisation of the main people management processes of M. Assembly (organisation and training in 2020 and evaluation in 2021).
3. Analysis of the current situation of talent and its management in the M. Assembly group to identify possible lines of joint action that favour the attraction and retention of workers to meet the needs of the organisation.
4. COMPETENCIES. UpdatiNG M. Assembly's competences, adapting them to the identity marks derived from the Arima reflection for December 2020.
5. ImplementiNG a new model for hosting the M. Assembly and carryiNG out training to help integrate new members into the cooperative dynamic.
6. Analysing the structure of M. Assembly meetings and identifying the aspects to adjust, incorporate, stop doing and/or keep in them.
7. ARIMA STRATEGIC PLAN. Analysing the main levers identified in the Arima process and designing an action plan for the strategic period 2021-2024.

3.3 Behaviour of indicators in relation to people

In the attached table, we can see the behaviour 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, drop-outs, etc.

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

DESCRIPTION	CALCULATION	UPPER LIMIT	LOWER LIMIT	VALUE 2015	VALUE 2016	VALUE 2017	VALUE 2018	VALUE 2019
% training hours/workload	Training hours/workload		2%	1,64%	2,49%	2,36%	2,86%	3,41%
Basque Communication percentage index	Euskara Batzordea		59%	55%	65%	58%	59%	61%
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	147
Evolution of permanent employees in the MA Group	Average total number for the year			255	313	343	402	420
Company resignations	(Number of people leaving/average staff for the year) x 100	5	0	1	1,92	1,64	1,38	2,03
Voluntary donations to social issues	(€ donated / € invoiced)		0,70%		0,70%	0,83%	1,66%	2,23%
Absenteeism	ITs / number of people	3		2,8	2,23	1,75	1,39	1,04

3.4 Equality plan and its development

Mondragon Assembly has had an equality plan since 2016. In 2018, two important decisions were made:

- Mondragon Assembly is going to work to achieve parity.

- Mondragon Assembly will apply positive discrimination in the selection processes.

A series of indicators have been defined to monitor the evolution of the female presence in the Mondragon Assembly staff.

The attached table shows the evolution of the staff by gender.

In 2019, the Equality Plan has continued to be developed. The most significant fact was that 42.8% of the female presence on the Board of Directors was achieved.

Staff evolution:

STAFF EVOLUTION	2014	2015	2016	2017	2018	2019
% women	18%	21%	22%	22%	21%	21.62%
% women in the Board of Directors and Governing Board	33% / 29%	33% / 29%	33% / 29%	33% / 29%	33% / 29%	42.8% / 29%
% women in technical design and programming	18%	23%	26%	23%	24%	25%
% female manufacturing technicians	0%	0%	0%	3%	2%	2.12%
% women in management works	20%	14%	22%	20%	17%	18.18%
% female supporting technicians in finance, purchasing, and staff	60%	54%	60%	60%	59%	50%

Selection process results:

SELECTION RESULTS	2018	2019
Selected positions	11	10
Women presented	79	285
% men presented	58%	79%
% women presented	42%	21%
% men selected	64%	80%
% women selected	36%	20%

One problem that is being found is the lack of offer of women in the technical professions. It is an obstacle to achieving parity, which is why it is seen as a medium-long term project, and for this reason, the goal is to support initiatives to promote the presence of women in STEM disciplines.

3.5 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 2019, Mondragon Assembly contributed to various causes for the improvement of society, going from 1.66% of the amount of its sales to 2.23%.

3.5.1 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.

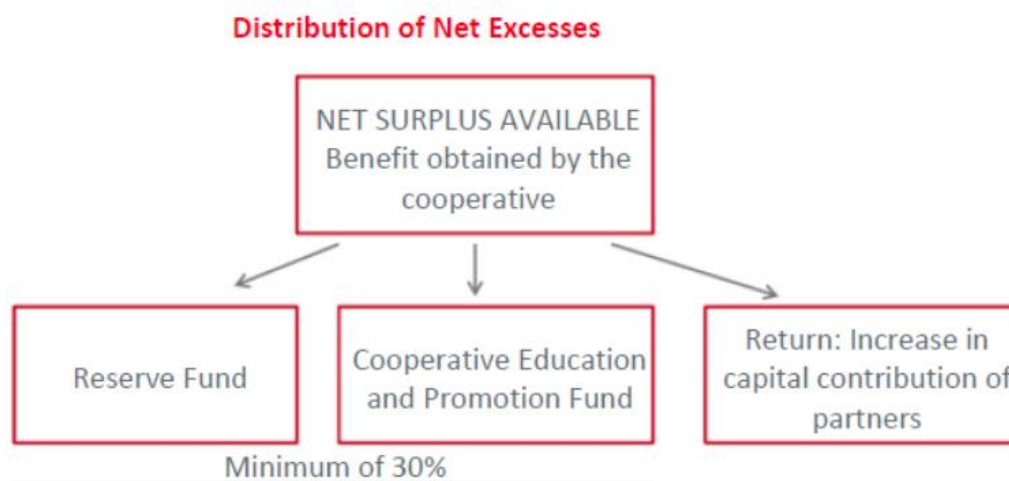
FEPI (Inter-Cooperative Education and Promotion Fund): As regards the FEPI, the resources come from the COFIP.

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.



3.5.2 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 2019 was as follows:

CONTRIBUTIONS TO SOCIETY	1.130.954 €
Distribution to society through the Mondragon Corporation	116.137 €
Distribution to society through the Fagor Group	116.137 €
Promotion of education	116.137 €
Fagor, Platform for social innovation	116.137 €
Fagor, normalisation of the Basque language	92.909 €
Fagor, inter-cooperation	32.518 €
Fagor, Mundukide	55.746 €
Fagor, social transformation	13.936 €
Mondragon Assembly, personal training	18.582 €
Mondragon Assembly, external projects	18.852 €
Inter-cooperative contribution	550.000 €

3.5.3 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 particular through Mondragon University.
- Research centres.

4 Ethical behaviour

4.1 Compliance system

Mondragon Assembly has a criminal compliance management system certified in 2018 according to the UNE 19601 standard.

The Criminal Compliance management system is considered to be established, and 2019 was a year of stability and continuous improvement. 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.

In 2019, work was also carried out on the extension of the system to external plants: although specially exposed people from China and Mexico had already signed their commitment to the code of conduct and policies, during 2019, the Compliance system of the plant in France was developed, and the adherence of the staff from the plant in Brazil and commercial subsidiaries of India and Tunisia was achieved.

The behaviour of the performance indicators defined at the time the system was defined is indicated below:

DESCRIPTION	CALCULATION	UPPER LIMIT	LOWER LIMIT	VALUE 2017	VALUE 2018	VALUE 2019
Number of improvement proposals (included in the CCRSC) implemented	Number of improvement proposals (in the field of compliance) made by CERSC personnel (or collected from outside the CERSC) and implemented			1	0	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	100%	87%
Complaints about legal noncompliance	Number of complaints and/or fines imposed by the different administrations	1	0	1	1	1

In 2019, **an analysis of internal and external issues** was carried out, including a review of the needs and expectations of the stakeholders.

The most relevant issues that may affect the Compliance system in one way or another are the following:

- The initiative to adapt the training in Occupational Risk Prevention of our workers to the requirements of the Metal Agreement. A part has been done, but there is still a lot of work to be done by 2020.
- Industry 4.0 innovation projects: new legal aspects arise regarding data ownership and confidentiality, data on the cloud, etc., scenarios to which an answer must also be given at the legal level.
- Chinese competition in both businesses. Especially in the Solar Business, the subject of Industrial Property acquires great relevance.

Performance of the Compliance system during 2019:

- Four ordinary Committees were held (11 March, 18 June, 9 September, and 16 December), and with three extraordinary ones to address a complaint received by the complaints channel (20 March, 4 and 12 April).

In 2019, the following communications were received:

- Email received in the ethical channel with a complaint by an anonymous person about the plant in Brazil.
- Complaint from a Chinese company that claims to have detected the use of unlicensed software by some workers at said plant.

Internal audits of different aspects were carried out throughout the year, deviations were recorded, and corrective actions were managed with the people involved.

Nine action plans were opened, eight of which were carried out, pending the closure of a Due Diligence process with a company with which an alliance is to be made.

Especially exposed persons: In 2019, efforts were made to lay the foundations of the Criminal Compliance system of the plant in France, and the commitment to the code of conduct and policies was signed by the plant of Brazil and commercial agents of companies from India and Tunisia.

4.1.1 Fulfilment of objectives

In 2019, only one objective was worked on: "To obtain an explicit commitment from 10 suppliers for non-corruption and no conflict of interest". That is because, in the 2019 audit, we were told that "it must be possible to demonstrate clearly the response by part of the supplier to the questionnaire or evidence of compliance.

Compliance with labour regulations in suppliers (working conditions, respect for collective bargaining, etc): The organisation must establish the criteria to be applied to consider that the supplier complies with these issues".

A document containing these commitments was prepared and signed by ten suppliers. In 2020, we will continue to work with the supply chain, expanding our system as far as possible.

4.1.2 Adaptation of protocols or procedures

In 2019, the most significant adjustments were as follows:

- A procedure was developed for the treatment of especially sensitive workers.
- A protocol was developed to manage the security of our personnel on trips.

- The digitisation process has begun in the administration area, which will provide us with work-flow processes for approvals and allow us to carry out a more exhaustive control.

4.1.3 Communication actions

Since 2018, the website has been enabled as a communication channel with stakeholders. The code of conduct and policies are published, allowing access to reporting channels. In 2019, a complaint came from Brazil and another from China through this channel.

The 2018 activity report was published.

With the workers, the informative talk of the month of November was used to report on the development and management of the Compliance system, and annual training continues for those especially exposed on this system.

4.1.4 Acknowledgements

In 2019, a client acknowledged us and gave us an award as a benchmark company in matters of social responsibility and Criminal Compliance.

We are within a group of 5% with a “Gold” rating in the Ecovadis company ranking.

4.1.5 Objectives for 2020

In order to continue strengthening the system, the following objectives have been proposed for 2020:

- To define an action protocol in case of conflict and harassment.
- Carry out analysis on characteristics and requirements of tax compliance.
- Awareness programme for the group, especially the group of especially exposed persons.

4.2 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.”

5 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 behaviour 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.

In 2019, it went further and a document was drafted in which suppliers commit to comply with the principles set forth in the United Nations Global Compact plus other principles of social responsibility in relation to ethics in commercial relations. In 2019, ten suppliers signed this commitment. During 2020, these criminal compliance and social responsibility policies will continue to be extended in the supply chain.

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.

In 2019, work continued on those actions that emerged from the Organisational Culture survey: Developing the achievement culture.

- Achievement orientation.
 - Project Management
 - Achievement/Prioritisation
 - Self-demand
 - Planning, management, development and closure of projects, etc.
 - Teamwork.
 - Computer system
- Leadership
 - People management.
 - Growth and monitoring of people
 - People's well-being. Loneliness.
 - Training
 - Training for new recruits, transfer of knowledge, experience, etc.

- Follow-up and assessment
- Planning of substitutions in Subsidiaries.
- Communication.
 - From the standpoint of participation, knowledge of the objectives.

To do this, work has been developed with individual and group coaches:

In the businesses, measures are also being taken, in addition to other actions with individual and group coaches, etc. to improve:

- a. Internal communication;
- b. Care for people;
- c. Follow-up of projects;
- d. How to train new recruits.

In the strategic reflection, information has also been collected on how to develop the commitment, sense of belonging, and motivation.

In 2019, to support the strengthening and give stability to the Mondragon Assembly Group, the main objectives of the area have been:

TO DEFINE THE PROCEDURES OF THE PEOPLE AREA AND DEFINE AND IMPLEMENT THE INTERNAL COMMUNICATION POLICY.

Action Plan	Deadline											
	E	F	M	A	M	J	J	S	O	N	D	
To define the scope in both procedures and policy	X	X	X	X	X							
To develop procedures				X	X	X	X					
To develop the policy								X	X	X	X	
Global presentation											X	

Regarding the procedures for the people area, with the hiring of people, the project is being carried out with work both in the definition of procedures and in the definition of internal communication policy.

100% of the procedures have been defined and documented.

a. Staff profile

	2018	2019
Direct labour	102	103
Indirect Labour	45	46
TOTAL POSITIONS	147	149
TCA	17	15
PARTNERS	130	134
RELOCATED PARTNERS	4	2
EXPATRIATE PARTNERS	9	8
EARLY RETIREMENTS	0	2
LEAVE	4	4

Contract workers have a one-year temporary contract. There are 15 people in this situation. There are 4 people with a training and apprenticeship contract in collaboration with Mondragon Unibertsitatea, the Miguel Altuna Institute, and Goierri Eskola.

TERMINATIONS	2014	2015	2016	2017	2018	2019
Terminations (Inter-cooperative Transfer)	1	1	0	0	0	0
Voluntary leave	1	1	1	0	2	4
Parental leave	0	1	1	1	1	0
Negotiated leave	0	0	1	0	1	0
Retirement	0	2	3	3	0	0
Death	0	1	0	0	0	0
Voluntary termination	0	1	0	1	0	0
Early retirement	1	5	2	0	1	2
Terminations for women (Maternity leave)	0	1	1	0	2	2
Terminations for men (Paternity leave)	2	4	1	2	4	3

b. Mechanisms for dialogue with people

In late 2017, the Quantitative part of the Organisational Culture Survey was carried out, followed by the Qualitative part in 2018. Some conclusions were obtained, and along with the need to develop a cooperative culture, we are defining a MAA 20-21 project: What we want MAA to be in the future and what legacy we want to leave.

In 2019, we held reflection sessions with the entire group in which our internal relationship, our relationship with customers and our cooperative experience were analysed. This reflection validated the hallmarks of MA, as the basis for developing programmes that support the development of our organisational culture.

SIGNS OF IDENTITY

Validated

1. **Feeling of ownership over one's own future.**
 - "30 people have started a collective project based on individual responsibility"
2. **Closeness and careful listening to the customer, turning their needs into their own challenges**
 - "We don't know how, but we can fix it."
 - "We are passionate about our work"
3. **Ambition, nonconformity, perseverance and enjoyment in the face of challenges**
 - "Don't fear" the future.
 - "Don't kill opportunities."
4. **Adaptable, resilient and adventurous.**
 - "Continual change is the way"
5. **Generous and humble.**
 - "The project humbles us. We are continuously learning"
 - "Without a network, we would not have been able"
 - "Generosity regarding time, benefits, and other cooperatives."
6. **Care in relationships between people, based on trust and respect, without nuances.**
 - "We are the fruit of the support relationship between people."
 - "The clear will to understand, dialogue and listen has helped us resolve our internal crises"

It is in our hallmarks that authenticity and strengths reside, in which we must rely to continue being a successful project.

1

SIGNS OF MA'S IDENTITY AS THE BASIS FOR ITS 2021 BUSINESS CULTURE

1. Feeling of ownership over one's own future.
2. Closeness and careful listening to the customer, turning their needs into their own challenges
3. Ambition, nonconformity, perseverance and enjoyment in the face of challenges
4. Adaptable, resilient and adventurous.
5. Generous and humble.
6. Care in relationships between people, based on respect, without nuances.

Validated



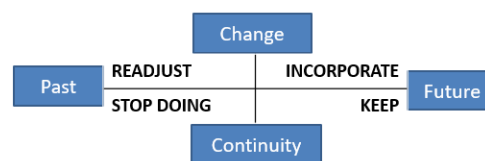
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Derived from this reflection, the areas for improvement have been identified and a first approach to the lines of action to be developed in PE 2021-2024 has been made.



1. **Selection of aspects to focus on:**
 1. Trust relationships. Conversational quality: participation and listening.
 2. Work methodology: rigour and excellence
 3. Incorporating new members into the cooperative dynamics.
2. **Incorporating new members into the cooperative dynamics.**
 1. Work dynamics in the management team: level of connection between businesses, openness, closeness, and participation.
 2. Role of middle managers and project managers, beyond the hierarchy. Work dynamics in the short term.
 3. Communication structures / processes: assessment of their quality. (by business / cross-sectional area).
 4. Feedback process. Dynamics in the medium-long term.
 5. Project management process. Channelling of learning and the customer's voice.
3. **Approach logic:**

Focusing on each area of work, identify the aspects to adjust, incorporate, stop doing and/or maintain in the main levers and processes.



c. Development and training of workers

The number of training hours received by Mondragon Assembly, S.Coop in the year 2019 amounts to 8,056.50 hours, divided into 42 training actions, with a total cost of €362,160.79.

This total cost is broken down into the following concepts:

External trainer cost: €132,012.38

Internal trainer cost: €1,065.27

Indirect cost: €230,148.41

Total number of hours: 8,056.50 hours

Total number of persons trained: 146

Average number of hours per person trained: 55.18 hours per person.

% trained people: 98.64%

Average staff 2019: 147

Total staff 2019: 148

Total number of courses: 42

PLANNED TRAINING:

Total actions carried out:

Actions planned for 2019: 22

Total actions planned and carried out: 19

Total number of planned actions not executed in 2019: 3 actions

UNPLANNED TRAINING:

Total actions not planned and carried out: 23

TRAINING: COSTS

The TOTAL COSTS OF THE TRAINING carried out in 2019 are presented below:

	DIRECT COST	INDIRECT COST	TOTAL COST
TRAINING	132.012,38 €	230.148,41 €	363.160,79€

TRAINING ASSESSMENT

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: 8.5

AVERAGE RATING OF UNPLANNED TRAINING: 8.7

LIST OF TRAINING ACTIONS OF 2019

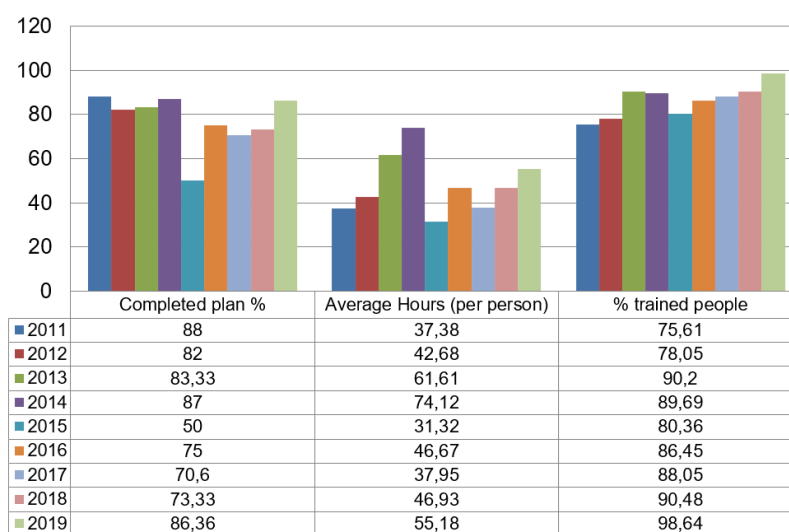
LIST OF TRAINING ACTIONS OF 2019

No.	TRAINING ACTION	2019		2020	
		1S	2S	1S	2S
1	INTERNATIONAL TRADE				
2	BUSINESS SKILLS				
3	ONLINE ENGLISH				
4	TECHNICAL FINANCIAL STANDARD				
5	MULTICULTURALISM				
6	MARKETING				
7	KNOWLEDGE MANAGEMENT				
8	RPS				
9	LEAN MANUFACTURING				
10	PROJECT MANAGEMENT				
11	MULTI-PROJECT MANAGEMENT				
12	TEAMWORK				
13	ACTIVE LISTENING				
14	ASSERTIVENESS				
15	TIME MANAGEMENT				
16	CULTURE				
17	HOW TO CONDUCT DEVELOPMENT INTERVIEWS				
18	VISUAL THINKING PRESENTATIONS				
19	WELCOME PLAN				
20	MINDFULNESS				
21	SOCIAL COUNCIL				
22	GOVERNING COUNCIL AND OVERSIGHT COMMITTEE				
23	BASQUE LANGUAGE				
24	BRIDGE CRANE				
25	TECHNICAL TRAINING				
26	LEADERSHIP				
27	FACE-TO-FACE ENGLISH				
28	FORKLIFTS				
29	BASIC PRL				
30	METALLURGY				
31	LIFTING PLATFORM				
32	FIRE PROTECTION AND PREVENTION				
33	LEADERSHIP				

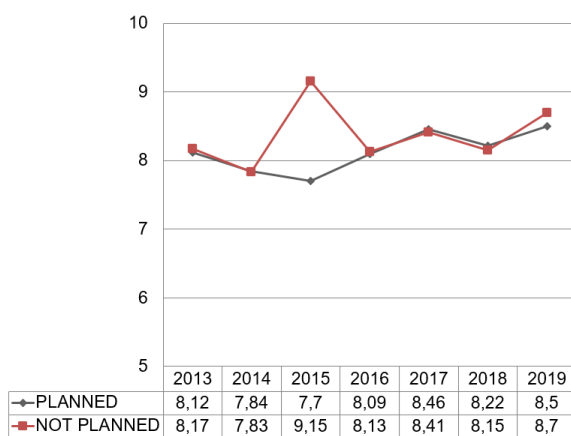
PLANNED TRAINING ACTIONS NOT TAKEN IN 2019

TRAINING	NOTES
KNOWLEDGE MANAGEMENT	Its implementation will be evaluated in 2020
RPS	Its implementation will be evaluated in 2020
LEADERSHIP	Its implementation will be evaluated in 2020

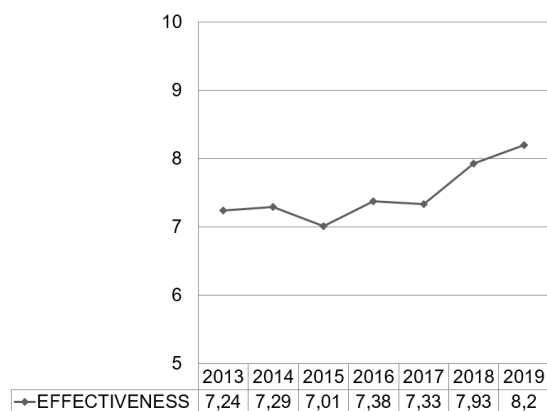
GENERAL DATA 2011-2019



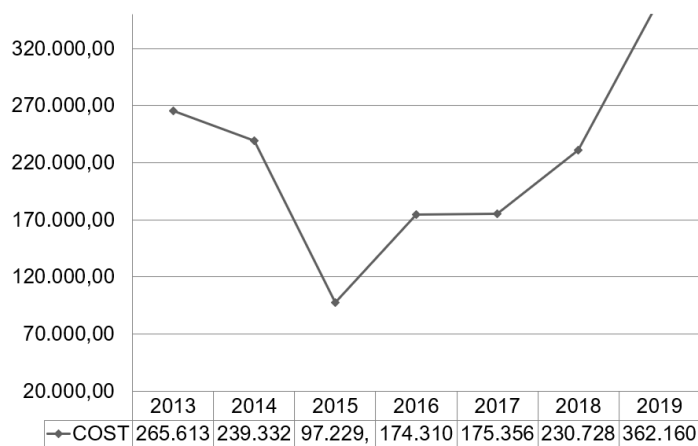
SATISFACTION SURVEY 2013-2019



EVALUATION OF THE EFFECTIVENESS 2013-2019



TRAINING TOTAL COST 2013-2019



d. 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 Schedule: 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.

e. 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.

After reviewing internal and external issues in all areas, the most relevant issues during 2019 and facing 2020 are the following:

- Legal aspects: entry into force in 2018 of the new law that affects us as workers of the metal agreement and completion of the adaptation to it in November 2020. Renewal in 2019 of the national metal agreement modifying the periodicity of the training established now each 4 years.
- Amendment to the Cooperatives Act, which affects the prevention of occupational risks.

- 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 the facilities where we carry out our manufacturing activities are in countries with very different cultures and sensitivities regarding OSH, which may pose greater risks for our workers.

- Very young and inexperienced staff.

- Workload: our clients' investments have been slowed down, and a lower load is appreciated, which may not only affect the assessment of psychosocial risks, but also be an opportunity to provide training.

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 2019, there were no specific objectives: design takes into account handling and makes instructions that are communicated to the assembly area and in the machine's instruction book. Inspections are carried out periodically to verify compliance with established procedures.

As for possible entrapments during the set-up phase, it is still a risk that produces accidents, and work is still being done to reduce it. The goal was to make the set-up meetings that were implemented in 2017 to 95% of the projects. In 2019, these meetings were held for 50% of the projects. Much remains to be improved.

As of late 2019, all assembly managers except one new person have had the basic 60-hour training that accredits them to become preventive resources. It has been a significant effort for the company that is expected to bear fruit.

Other important works in the line of reducing and/or avoiding accidents in the set-up phase have been:

- Work sessions with the solar business to determine the conditions to be fulfilled in the set-up on the client's premises.
- Work carried out throughout the year in the special machinery business to determine design the components of the machine to comply with the security measures in set-up, definition of the software, components, way of working, etc.

In 2019, other actions were also taken to improve the OSH system:

- Review of all risk assessments, reducing the number from 26 to 10, to facilitate management.
- Measurements of electromagnetic radiation, its inclusion in risk assessments, and implementation and dissemination of preventive measures.

- Noise measurements in all work areas.
- Carrying out a procedure for especially sensitive workers.
- Review and improvement of the Emergency Plan, including emergencies due to sudden illness.
- Carrying out of travel risk assessment and implementation of a management procedure.

As a result of the analysis of risks and opportunities, the following actions are expected to be carried out in 2020:

- Implementing the new software for the coordination of activities with the implementation of an entrance control through a tablet at the reception. Informing users on the use of it.
- Performing risk assessment for the positions that use PVD in the workshop.
- Ensuring that the start-up protocol is carried out in 100% of cases.
- Provision of training to the leaders regarding their obligations.
- A decision has been made to integrate the risks and prevention measures in the job descriptions.
- Carrying out risk analysis of facilities that go to customers and do not pass through the factory.
- Signalling the risk of electromagnetic emissions in the workshop.
- Implementing the travel safety protocol.

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

Objectives	DEGREE OF ACHIEVEMENT
Achieving the required training in the Metal Agreement for all staff	Training has been given to Management and office staff, and all assembly persons have the basic 60-hour course, as well as training in handling of bridge cranes and forklifts. The provisions of the required training to mechanical and electrical design technicians is pending for 2020.
Implementing in detail the safety protocol of the machines for the commissioning phase	An exhaustive protocol of the conditions in which the tune-ups must be carried out has been implemented, including tools such as dead man switches and cameras. In addition, a load book has been produced, with a standard to be followed by designers to ensure the safety conditions of the machines in all phases. In 2020, this methodology will be implemented in all projects.
Ensuring the suitability of subcontracted personnel by implementing new activity coordination software	In 2019, a new activity coordination software was implemented. Simultaneously, this aspect has been given a boost as a whole. It is also being implemented with foreign companies.
Improving handling conditions of machines in pavilion B by installing a crane	In July 2019, a crane was installed.

In 2019, there have been **4 accidents**, 1 with loss and 3 accidents without loss.

In 2019, investigations were carried out for all accidents and incidents. These investigations are analysed at the safety, health and environment committee and the corrective actions are established and followed up. Accidents have occurred at the beginning and end of the year. Given this situation, a decision has been made to be with workers in general to recall the risks of the job and preventive measures.

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, 21 non-conformities were found and corrected.

- **Scheduled inspections**; In 2019, 9 scheduled inspections were carried out in which different aspects were reviewed: coordination of activities, chemicals (2), offices (2), set-up (1), handling of machines and PPE (2), CAE (1), environment (2), and Markulete (1).

- **Emergency and evacuation drill**;

- **Systematic reviews in the facilities subject to Industrial Regulation**: from the maintenance area, a plan is followed to carry out the reviews according to the periodicity indicated by law.

- **Monthly occupational health and safety committees** : the committees were held at 100% (monthly call), with intense activity, collecting 42 action plans including suggestions, complaints, corrective actions for accidents, incidents, internal and external audit, etc. (derived from the committee and the safety inspections).

- **Training** conducted in 2019 (9 courses) was as follows:

- Travel safety (throughout the year, 2-hour sessions): 127 attendees
- Basic PRL (December, 60 hours -20 face-to-face and 40 online): 18 attendees
- Fire training (October, 6 hours): 12 attendees.
- Training of a prevention delegate (September, 36 hours): 1 attendee.
- Forklift truck training (November, 8 hours): 35 attendees.
- Crane bridge training (September and November, 8 hours): 44 attendees.
- Lifting platform training (December, 8 hours): 2 attendees.
- Executive PRL training (November, 6 hours online): 16 attendees.
- Office PRL training (October 6 hours online): 15 people.

- Communication**: taking advantage of the monthly informative talks, communications were made on the occupational health and safety system on two occasions. In January, disclosure on

rules for accident prevention, as well as the travel safety protocol and a new reminder on safety rules in July.

- **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 4 new hires (1 MOD and 3 MOI), to which the relevant medical examinations were carried out.
- This year, 32 specific medical examinations were carried out, according to the existing planning (4 MOI and 28 MOD).
- Cardiovascular risk assessment has continued to be carried out on those aged over 50 years who were required to perform periodic examination.
- In 2019, 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.

Opportunities for improvement – 2020 targets

- Examining and analysing new psychosocial risk assessment tools.
- Implementing the adaptation plan for plant positions with PVD.
- Completing specific training by profession through the Metal Agreement.

7. Relationship with Clients

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.

a. 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.

- Tailor-made solutions: The Mondragon Assembly engineering team puts its experience at your disposal to help you develop your project.

b. 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 has certified a Criminal Compliance management system according to the UNE 19601 standard to exclude practices of corruption, extortion and bribery in relations with its clients.

8. Relationship with the Environment

For Mondragon Assembly, the care of the environment is a priority issue in its relationship with public administrations and society. That is why, since 2017, there has been a certified environmental management system in accordance with ISO 14001:2015.

Since January 2019, Mondragon Assembly has been generating energy in a clean way, through the solar panels installed on its roofs. In 2019, 11% of the energy consumed was produced by these panels.

A thorough analysis of the needs and expectations of the stakeholders was carried out, including an analysis of the risks and opportunities.

The opportunities detected were the following:

- Taking advantage of the change of renting vehicles to reduce CO2 emissions.
- Performing energy audit and studying possibilities for reducing consumption through intelligent management.
- Beginning to make a record of the energy consumption of the machines that we design for our clients and recording the measures taken to optimise it, thereby beginning to integrate environmental and energy saving issues into projects.
- An opportunity is seen in the BVIPBOOST innovation project, which will culminate in the installation of architectural-type solar panels on one of the façades of our building as a pilot test.

The risks and actions to correct them are the following:

- Mondragon Assembly is in a process of expansion, carrying out expansion works and renting new pavilions. All works must be carried out in accordance with the legislation and the corresponding activity licences must be obtained.
- A possible lack of knowledge is detected among the people of Mondragon Assembly regarding the environmental management system, so we decided to carry out outreach and awareness sessions.

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 2019 as well as the evolution over the years:

INDICATOR	MEASUREMENT UNIT/RATIO	LIMIT	2014	2015	2016	2017	2018	2019
Mean staff	No. People		90	95	110	122	145	147
Paper consumption	kg		563,75	1.167,45	1.104,00	1.778,10	1.287,50	1.200,00
Energy consumption	KWh/year		513.616	392.611	427.823	500.869	745.612	1.012.545
Vehicle km	No.		73.890	91.684	77.354	76.044	84.608	111.539
Vehicle km	KM / Production Value (€)		0,01	0,01	0,00	0,00	0,0019	0,0038
Diesel fuel consumption	Litres/year		3.228	4.039	3.924	4.506	3.392	4.756
Diesel fuel consumption	Litres/year / Production Value (€)		0,00	0,00	0,00	0,00	0,00008	0,00016
Mains water consumption	m3/year		855	884	685	755	1020	1012
Mains water consumption	m3 / year / number of people		9,50	9,31	6,23	6,19	7,03	6,88
CO2 emissions	Tonnes		22	29	27	29	21	12
CO2 emissions	T / Production value (€)		0,00	0,00	0,00	0,00	0,000000	0,000000
Cutting fluid residues	kg		0	0	600	94	0	0
Oil residues	kg		0	0	200	148	0	60
Solar module residues	kg		0	1.500	400	1337	1732	900
Paper and cardboard residues	kg		8.740	6.600	3420	4720	5620	620
Plastic residues	kg		4.100	3.480	3300	5800	4660	3920
Wood residues	kg		2.940	3.900	4400	8360	28040	28080

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

- There is a higher energy consumption, both in water and electricity, which is due to the existing production level. Our best client needs to produce in our facilities, and that is why consumption has skyrocketed.
- Electricity consumption stands out, with 1 GW/hour, an increase of 36% compared to 2018, with twice the consumption compared to 2017. Of the total consumption, 117 MW were produced using the solar panels installed on the roof, obtained from clean energies.
- Due to the concern we have for this aspect, in 2019, an energy audit was carried out to better understand our consumption profile. Improvement actions will be decided throughout 2020, one of which is to install an energy management system.
- Other values have also risen significantly. Non-hazardous waste management costs have increased by 213% as the frequency of waste disposal has been much higher following the reorganisation that took place in early 2019. The same happened with hazardous waste, whose cost has risen by 29%.
- Plastic and wood waste in relation to the production value have increased by 28%, with 53% being associated our client's production.

a. Fulfilment of the objectives for 2019

The objectives defined for 2019 and their degree of achievement are as follows:

- Reducing vehicle fleet emissions by X%. much to our regret, the emission reduction with the new fleet was only 2.39%. When new vehicles were contracted, the possibility that they were electric was analysed. Nevertheless, this was going to condition our activity with the current state of the infrastructures, so a decision was made to continue with conventional vehicles, waiting for the offer to evolve with lower-emission cars.
- Carrying out an energy audit In 2019, the first energy audit was carried out at the Mondragon Assembly, and work is being carried out on the improvement actions identified. The building's energy rating has also been obtained with a C value.
- Reduction of energy consumption by 5% through the installation of an energy management system: this objective is delayed. In 2019, consultations with suppliers were made, and the scope of the order was defined. Currently, we are working on the facility led by our innovation department.
- Reduction of energy consumption by changing office lighting fixtures to LEDs: this objective is also behind schedule and the idea is to install the new lighting throughout 2020.

b. Environmental performance

The year 2019 was the first in which clean energy was obtained from the solar panels on the roof, reaching 117,000 kW/hour.

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.

This was disseminated to all staff at the information sessions in January.

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.

c. Communication and training

In 2019, the 2018 report was published for the first time on the website, containing the environmental performance results.

The training was given in the informative talks. They consist of communicating, raising awareness and instilling values about waste management, etc.

The sessions were held in January, in which the new waste management operation was explained, and in October, in which the production of solar panels and the CO2 emissions of our company were explained.

d. **Objectives for 2020**

For 2020, the focus has been on improving our product – the machines we design and produce. An end-of-life cycle analysis of the machines will be carried out.

9. 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:

a. Technologies 4.0, monitoring, data analytics and advanced services

In the 4.0 area, the project started in 2018, focusing on process control and productivity, has continued, and progress has been achieved in defining the platform developed by a leading technology centre with which we collaborate.

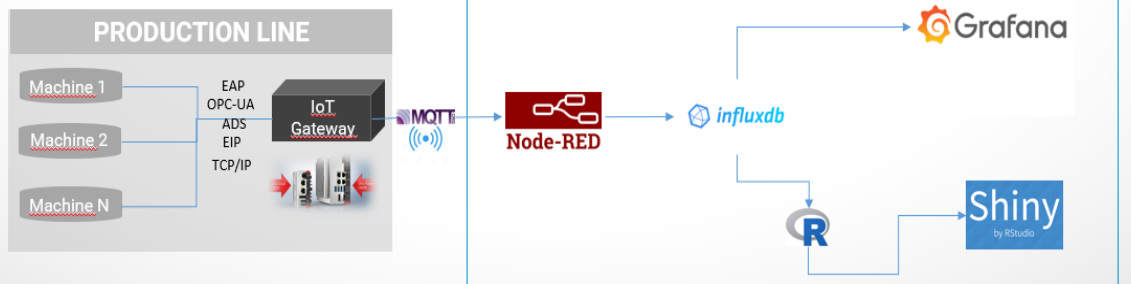
Different modules were adapted and integrated in the cases of use by a client of the solar business, as well as another for special machinery.

Installation in real environment

- Productivity data: Availability, performance, quality and OEE calculations to follow up the production
- Alarms historical: Identification of critical alarms and easy access to alarms historical
- Soldering process data: Quality follow up and data ready to analysis development
- Cylinders time: Data ready for analyse of failures (predictive maintenance analytics)

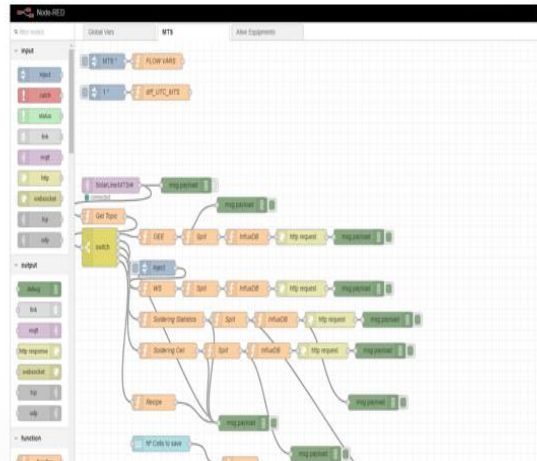
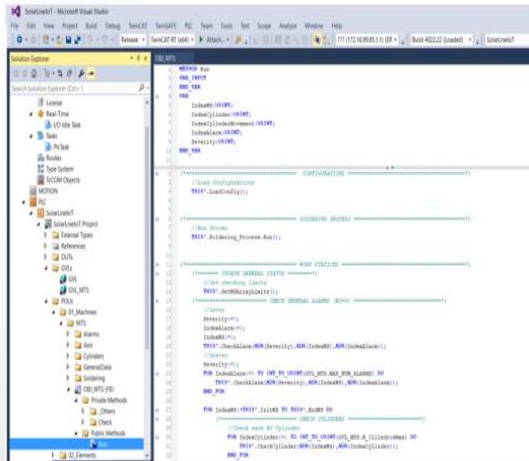
MA Monitoring System

- Interoperability
 - Cloud / FoG
 - Different servers
- Secure
- Plug & Play
- Capture, storage, visualization and analytical applications
- Easy data flow generation



Flexible SW

- Automatic flow from acquisition to storage
- Object-oriented programming (OOP) in order to have easy to duplicate, scale and encapsulate code in Twincat
- Data formatting method development to send data from Twincat using MQTT protocol
- Standard & automatic flows to transform MQTT data in Node-Red and automatic data storage programs

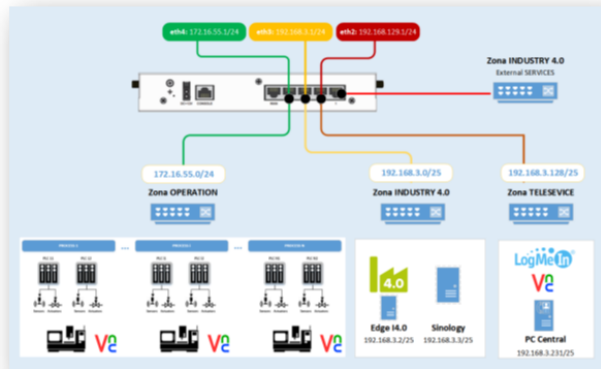
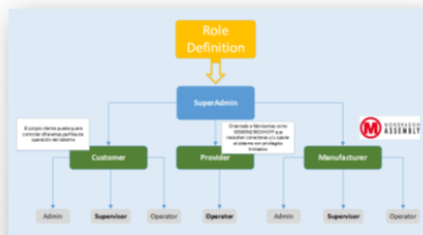


MA 3.2

- Security design
 - Zone
 - Policies
- Definition of rules in excel
- Implementation of the rules in Fortinet router (pilot in MA)

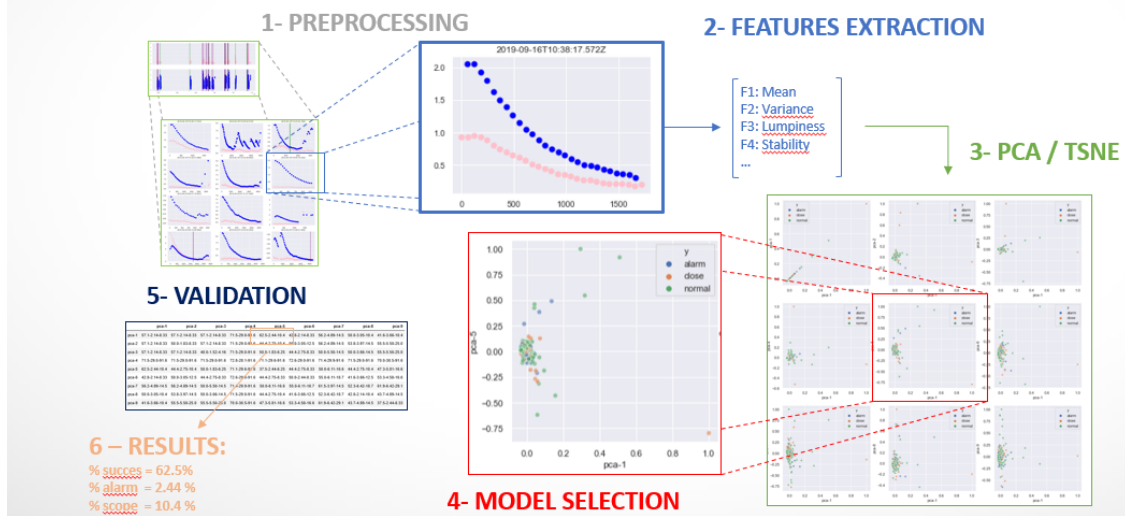


Definición de zonas		DESTINO					
		Operación	Industria	Telesevice	LAN Cliente	Internet	Cloud 4.0
Zone 1	Operation	1					
Zone 2	Industry	2	SP21		SP24		SP26
Zone 3	Telesevice	3	SP31		SP35		
Zone 4	LAN Cliente	4			OS	OS	
Zone 5	Internet	5					SP56
Zone 6	Cloud 4.0	6	SP62				SP65
OS Out of Scope							



In addition to advanced monitoring and data historisation, we have begun to integrate analytical tools with the aim of detecting anomalies and reinforcing diagnostic tools for the SAT service.

Cylinders degradation detection



b. Solar

In Solar, the interconnection equipment was developed using Electrical Conductive Adhesives within the framework of the GOPV project (European H2020). The screen printing station developed has also been used to integrate it into a machine within the framework of the Shingle project (Basque Government).

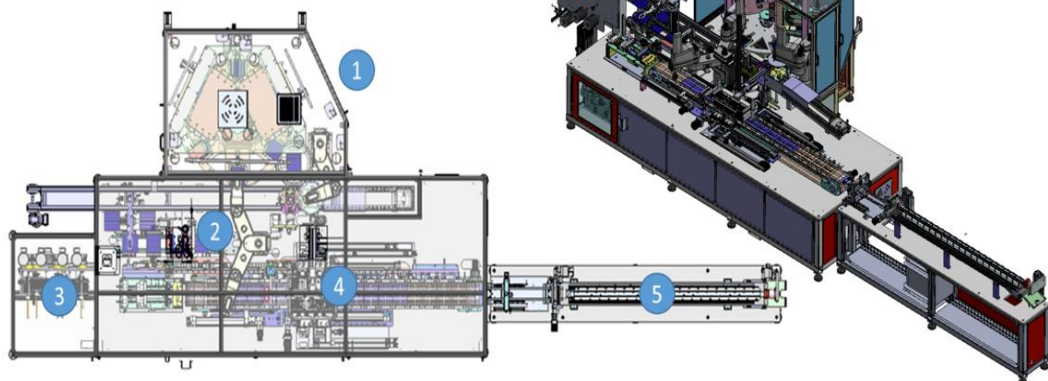


Task 2.1: Cell Interconnection –Machine design



• Conceptual design

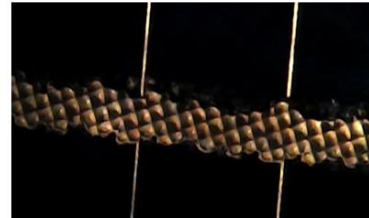
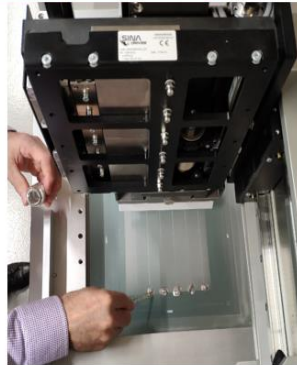
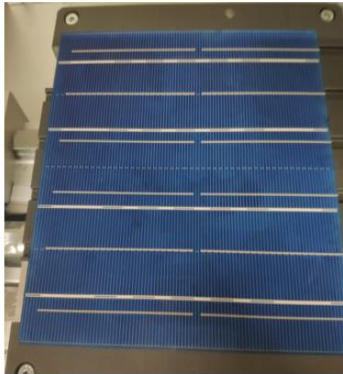
➤ Fixed conceptual design



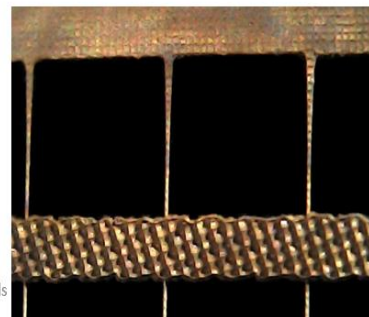
➤ Detailed design (drawings, electrical scheme...etc) finished

• **Process Development**

- Printing station validation (machine)
- Printing process parameter development (process)



KO



OK

Screen printing process successfully validated on prototype

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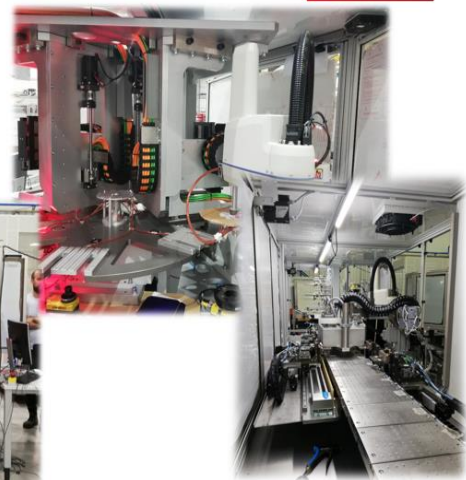
• **Assembly process @MASS**



10/12/2019



Review Meeting #1 – Brussels



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c. Batteries – Storage

In 2019, we continued working with the lithium module (battery) manufacturing machine.

In parallel, a strategic positioning study was carried out for Mondragon Assembly. We have worked with a leading consulting firm in the world of lithium.

A market monitoring process was started, according to the previous conclusions, and both the businesses and the subsidiaries seek to identify market opportunities in the different areas.

d. Lines of action for 2020

Looking ahead to 2020, we are considering the following actions:

- Advancing in the dialysis filter sector.
- Addressing the second phase of actions arising from the Solar Road Map.
- Having an industrial hydrogen generator predesign.
- Implementing and testing the electroluminescence recognition SW to verify and measure the quality of the solar modules.
- Assimilating the Electrically Conductive Adhesives processes in our Tabber.