

REPORT

2020



MONDRAGON
ASSEMBLY



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0. LETTER FROM THE MANAGING DIRECTOR

1. ORGANISATIONAL SETTING

1.1. SPECIAL MACHINERY BUSINESS

During 2020, work has continued on prospecting for new opportunities, although with the COVID situation it has been very difficult to make progress.

This work plan has been accompanied by external visits to national and European customers, to introduce ourselves and explore opportunities for collaboration with customers, although these were practically confined to the first two months of the year.

We have continued to work with our German plant to find and retain customers considered to be global, who may require projects in more than one of our plants at the same time.

This past year has been dominated both commercially and at a project level by the **mask machines** which we developed and delivered between April and September. It was a joint venture with our subsidiary in China, involving very intensive work due to the flood of enquiries it generated. **15 mask manufacturing lines** were fabricated and delivered to various customers, significantly increasing the 2020 target uptake data. This was **the greatest commercial achievement of 2020**.

It is also noteworthy that we continued to work regularly with long-standing clients and were able to achieve repeat business with recent clients and attract new customers who we hope to establish as regular ones.

It has also been a very intense year in terms of SAT activity, with a very high level of uptake.

In the Special Machines business, we continue to work intensively on business opportunities for other subsidiaries and on joint projects to develop **several machines at the same time in different countries**.

In matters of innovation, we are working in the **battery** field, creating a catalogue of products to show to potential investors.



1.2. SOLAR PHOTOVOLTAIC BUSINESS

Solar PV installations worldwide in 2019 were approximately 125-145 GW, a record year for installations.

The North American consulting firm IHS Markit published its 2020 Global Photovoltaic Demand Forecast, placing it at around 142,000 megawatts of new solar PV capacity.

However, the **Covid-19 pandemic** led to **delays in several projects due to the global collapse** that ensued.

As global solar PV markets continue to overcome the challenges posed by the coronavirus pandemic, solar PV installations are expected to reach 115 GW by 2020, according to the latest quarterly market outlook from Wood Mackenzie. Global demand for photovoltaic panels is expected to reach a total capacity of 143.7 GW by 2021, according to Taiwanese PV market research company, Infolink.

"In a post-Covid-19 world, all signs indicate that the future of solar energy is bright", the analysts stressed.

Of the **10 largest manufacturers, 9 are Chinese**, and they are the ones investing in machinery and expanding production, as well as making technological innovations.

2020 was not a good year for Mondragón Assembly's solar business **due to** the collapse caused by **the global pandemic** paralysing the investments that were expected to be made.

The **biggest threat is the economic aspect**. Although we can see that **our machinery and services are highly appreciated**, the **price factor is very important**, as our competitors are located in China. Emerging countries such as India, the Middle East and Africa are very price-sensitive countries. However, for **2021** we plan to **work** more intensively in partnership **with our Chinese plant** in Kunshan to pursue strategies that will increase our **competitiveness**.

However, **Mondragon Assembly Solar** has established itself as a **quality manufacturer with a good reputation** and the enquiries we have received are proof of this. In **2020** we received **19% more enquiries** than in 2019, which we are working on with the aim of screening the operations that could be finalised in 2021.

¿What does Mondragon Assembly Solar focus on?

- Complete solutions with **added value**, working from the finished solar panel to the machinery.
- Providing better quality services.
- Completing a product range with more capabilities.



- **Manufacturing of key machinery** in our **plant in China** and sales in other countries where it sells better and with better margins.
- Selling and developing the **interconnection automatic machine solution**, where we have achieved a good solution.

In 2019 and 2020 we worked on the possibility of offering test machines, solar simulator and Electroluminescence, in a more active way and with reliable partners.

We continued to **cooperate with INES-CEA and TECNALIA**, which allowed us to **make progress in** product-process developments in order to adapt our machines.

As of June and after overcoming the first global wave of the pandemic, we saw an **increase in requests for quotations in Europe**. It would seem that the **“European Green Deal”** is coming on strong. We **finished 2020** with a **list of very interesting live quotations**, most of which are for projects in Europe. In this sense, we believe that **Mondragon Assembly** could have a **competitive advantage** in terms of **proximity, service, technology and brand**.

In terms of innovation in 2020, we **followed** the projects in the Solar area, as outlined in the **“RoadMap”** defined at the end of 2018.

They show a **60% progress in the product part**.

2020 saw the creation of the **European batteries platform** https://ec.europa.eu/energy/topics/technology-and-innovation/batteries-europe/working-groups_en, in which Mondragon Assembly was accepted as a **member**. This platform brings together all players in the battery industry, from raw materials, battery manufacturers, equipment manufacturers, battery users and technology centres.

It is currently drafting the 2030 strategic agenda for batteries in Europe and Mondragon Assembly is participating in the definition of the lines of research that Europe must finance in order to achieve a competitive position in the battery sector.

On the other hand, **the first battery project was captured at the Aretxabaleta plant**, consisting of a laser welding machine for stationary batteries with prismatic cells.



1.3. GENERAL SERVICES

FINANCIAL AND ORGANISATION AND SYSTEMS

Due to the confinement and pandemic situation caused by **COVID-19**, IT systems have had to **respond to teleworking**, stressing systems and requiring new tools and hardware, in some cases, for remote working with the required security. In this sense, tools have been enabled and extended for the realisation of machine acceptances, meetings, training, etc. in groups and remotely as Teams. This was made possible by **improvements in communications**, recent **Cybersecurity** actions and the degree of **digitisation of processes and interconnection of existing systems** in MA.

Given that teleworking is here to stay, at MA **we will continue to digitise processes** and take whatever actions we deem appropriate to **advance technologically** and **guarantee remote working**.

In addition, a **Systems Master Plan** is being designed which will serve as a **strategic element** for the **coming years** and which, including the most important strategies in the area, will support MA's next strategic review.

During **2020**, the defined Cybersecurity action plan was concluded with the completion and **implementation** of the **Business Continuity Plan**.

In the financial activity carried out by Mondragon Assembly, it is essential to have ample financial resources to tackle large projects, with an adequate financial structure, bearing in mind that the parent company provides financial support to the subsidiaries to help them grow and obtain financing at their destination.

In order to achieve this adequate financial structure in the group, this year Mondragon Assembly, S.Coop. **secured significant long-term financing** to cover needs within the group and to undertake investments and growth in the coming years.

Continuing with the process of digitalisation, process automation and system standardisation, this important process was **undertaken in some subsidiaries during 2020**.

PEOPLE AND INTEGRATED MANAGEMENT SYSTEM

The management of People and IMS during 2020 was greatly affected by the need to carry out actions that required people to participate and come together in a complicated pandemic environment.



ORGANISATIONAL CULTURE:

We started the year with the analysis of the **"Arima" project** sessions held in the last quarter of 2019 with the participation of the entire group and aimed at **identifying the key aspects** to be taken into account in the **Development of the Organisational Culture** of MONDRAGON ASSEMBLY. **The conclusions of this year** will be fed into the **Strategic Review 2021-2024**.

The proposal for the renewal of the MA competency map was created, taking into account the following factors:

- The **conclusions** derived from the **"Arima"** sessions and from the signs of identity and the aspects for improvement identified,
- The Lortek audit on **jobs of the future**, which includes the vision of needs that the cooperative will have to address in the coming years.
- The competence dictionary was completed and divided into 4 sections: values, people, organisation and technology, as well as its development guide according to the "70-20-10" model.

INTERNAL COMMUNICATION PROCESS: IMPROVEMENTS

In 2020, given the large amount of information we received on a daily basis, we sought to structure and classify communications according to their origin and content. A **visual classification system** was used, organised by **colour**, where **each colour** is associated with a type of **content**.

A total of **8 categories** were created. Each type of communication is sent in a standard format and with a particular colour, which facilitates and simplifies the reception of messages sent from the organisation.

Another aspect that helps us to improve communication processes is the implementation of the new **M. Assembly Employee Portal** to **improve and simplify the exchange of information between company and employee**

Further progress will be made in 2021 on the general launch of the portal and user training/information.

In addition, the **people management software** has been implemented to **digitise and optimise** M.Assembly's main people management processes.



TALENT MANAGEMENT:

Work has been carried out on the development and improvement of the **MA Group's Talent status report** aimed at optimising talent attraction and retention.

A **new welcoming model for M. Assembly** has been implemented to integrate **new members** into the cooperative dynamic.

A **new** welcoming model has been implemented in M.Assembly, **"BIDELAGUN"**, creating **welcoming itineraries** by categories.

A **specific programme on cooperative training** was also designed and adapted to the needs of MA, and training was given



PURCHASES AND GENERAL FACILITIES

In 2020, an analysis was conducted of purchasing processes and possibilities for digitalisation. This objective **progressed very well**, despite the difficulty of the pandemic in coordinating between all the participating cooperatives. **The tool and processes for the systematic monitoring of orders was implemented.** A simple tool has been integrated into ERP to track orders by supplier, by project, and which can be parameterised according to the messages to be sent to suppliers for complaints, delivery reminders,

1.4 MANAGEMENT OF SUBSIDIARIES

This year, the commercial coordination between the plants has been **very much focused** on the **Special Machine business**, especially on what we call **Global Projects**.. In the world of Solar, MA Aretxabaleta plays the leading role and the rest of the subsidiaries, mainly China, Mexico and recently Brazil, support it in the service area when it comes to selling the product.

The **actions** we had planned were mainly **aimed at** achieving quotation **synergies** by having **multiple locations** allowing us to supply the same customer, in their different plants



around the world, from our international plants. This **synergy** is **clearly visible** between **European plants, China, Brazil and Mexico** in the automotive sector

. We strengthened the dialogue with our clients through the definition of an international sales manager for each project, so that the dialogue is directed and not multiple

Thanks to the development of the **PTP (Product and Technology Plan)**, it is being one of the areas where the most efficient joint progress is being made. Work is being carried out in conjunction with a European project to incorporate integrated photovoltaic panels into our façade.

Significant progress has been made in the development of an intelligent energy control/manager for MA Aretxabaleta's electricity consumption.

At this point we already **monitor** the **consumption** and **control** of the **climate-control** devices in the **Aretxabaleta building**.

EL recognition SW has been implemented and tested in our innovation projects.

During **2020** we have experienced a situation that nobody imagined at the beginning of the year, less contact, a halt in investments in Solar, countries at a standstill for months at a time. In this environment, MA was able to **adapt and take advantage** of its **globalised value chain** to become a **supplier** of surgical mask machines in the midst of a pandemic. It was **able to prove** its **capacity** to **overcome adversities** and **maintain** a **sufficient level of activity** for its people to not suffer periods of inactivity.

A new award will be presented to us in 2021, Best Basque SME in the "Euskadi Avanza" awards of the "Grupo Correo".

2. INTEGRATED MANAGEMENT SYSTEMS

2.1 AUDITS AND CORRECTIVE ACTIONS

INTERNAL AUDITS

During the year 2020, the internal audit of the Integrated Management System, where all the key processes of the system were reviewed, was carried out and with **100% compliance**. 29 minor deviations were identified, the vast majority of which could be corrected during 2020, with those actions that could not be completed being planned for the first half of 2021.

The planning of internal audits for 2021 is also in place, in line with previous years.



EXTERNAL AUDITS

The **audit** of the 5 **certifications** Mondragon Assembly has was passed in **March 2020.**:

- > ISO-9.001 (**Quality**)
- > ISO-14.001 (**Environment**)
- > ISO-45.001 (**Occupational health and safety**)
- > SR-10 (**Social responsibility**)
- > UNE-19.601 (**Criminal compliance**)

Renewals of ISO-45001 and ISO-14001 were obtained and follow-up audits of the others were passed.



2.2 2020 OBJECTIVES FOR MANAGEMENT SYSTEMS

Management in 2020 was **affected by Covid-19**. IMS, with the support of the Safety Committee, made a **great effort** to **ensure safe working conditions**, both in MA's facilities and in the work carried out at the customer's premises.

The **COVID Protocol** was constantly reviewed, adapting it to the evolution of the pandemic and always considering the information received from official sources.

In 2020, although some actions have been affected by Covid-19, progress was made in developing and implementing improvements in management systems.

FIRST AND SECOND LEVEL OBJECTIVES 2020:

ISO 45001 - HEALTH AND SAFETY:

The following **1st Level** objectives were set in **2020**:

- **To examine and analyse Psychosocial Risk Assessment tools:** Three tools for psychosocial risk assessment were analysed. After a preliminary analysis, a pilot test was carried out with two of them and a comparative report with pros and cons was prepared from the results obtained, after which the decision was taken.
- **To implement an adaptation plan for workstations in the plant with PVD:** no progress was made in this objective and it is carried over to the IMS **planning** for **2021**.
- **To complete occupation-specific training under the Metalworkers' Agreement:** In 2020, all the TCAs comply with the requirements of the metal workers' agreement in terms of occupation-specific training. Although the law does not apply to members, the Board of Directors approved the extension of this training to them as well.
- Due to **COVID-19** the **maximum capacity** of the training sessions was **reduced**, which lead to **part of the training** planned for members being delayed until **2021**.

The following **2nd level** objectives were set in **2020**:

- To implement a coordination system via Tablet.
- To improve coordination of activities with the internal client.
- Reorganisation of the medical service.

ISO 14001 – ENVIRONMENT:

The following **1st level** objective was set in 2020:

- **To examine and analyse methodologies on product lifecycle management:** A review of applicable **legislation** contained in "ISO-14044 from 2006: Environmental management and product life cycle analysis" and "ISO-14064 2019: Carbon footprint", and a recommendation report was drafted regarding the way to start applying it as of 2021.

In addition, we carried out the following **2nd level objectives**:

- Implementation of home automation control of heating system.
- Awareness-raising communications on the recycling system in Mondragon Assembly.

UNE 19601 – CRIMINAL COMPLIANCE :

The **first level objectives** of MA are as follows:

- *To define a protocol for action in the event of a complaint: a procedural guide was developed* in case an offence were to be committed in any of the main actions identified in the policies.

This procedural protocol was revised by the Compliance Committee, conferred with the CD and **approved** by the CR.



As a **2nd level objective**, and following the external audit, the following objective was set:

- *To implement a new system for monitoring the perpetration of criminal offences by customers and suppliers:* A **risk assessment** system was set up in order to identify potentially dangerous clients and suppliers in terms of Criminal Compliance (**Third party due diligence**). The new system helps the Board of Directors to detect dangerous alliance situations where Due Diligence is advisable.
- *Design and implementation of an invoice control and validation system.* This need for control improvement was identified in the Crime Risk Analysis.

ISO 9001 – QUALITY:

In IMS in 2020 the following **1st level objective** had been defined:

- To identify the components of a DMP (Document Management Programme) and present proposed criteria for the organisation of management archives:

A document organisation system was defined and implemented and a pilot test was carried out in HR, applying the methodology defined in the server's HR documentation with a view to its applicability to other departments.

The following actions were carried out as **second level objectives**:

- **Implementation of the new machine risk assessment system (FMEA):** Meetings with Solar and ME to communicate new Excel system for risk assessment of MA machines.
- Training courses on international trade, international sales risks, Lean Construction, multi-project industrial management... Various training courses were planned for better project management in Solar, as they are currently subject to a review process.

SR-10 – SOCIAL RESPONSIBILITY:

In 2020 the following **first level objectives** were established:

- **To establish permanent information channels on the integration of equal opportunities in the company.** The 2020 plan was defined Among the actions planned, the **Talented Women Week** was held and the results obtained were published. Three tools have also been identified in order to continue moving forward in **developing the Equality Plan** in accordance with the law, and, on 25 November, **actions** were carried out to **raise awareness of mistreatment**.



- Define and implement an action plan in order to increase workers' awareness of the benefits of following a healthy lifestyle.
(2020 Plan): The **2021 plan** has been defined to **promote a healthy lifestyle** among workers, including 3 main areas: **nutrition, health and sport**. Due to **COVID-19** a large number of the **activities have had to be postponed** and those related to **communication and awareness-raising** initiatives to promote **healthy habits** have been implemented (COVID and travel; flu; sports and fruit). Specifically, on **18 October fruit and vegetable week** was celebrated with a prize draw among employees.



Although it was not included in the objective, it should be noted that a **survey** was **conducted** on **healthy habits** using **DAITEKE** and its **results** have been **published** and will be taken into account for the **actions** included in the **2021** plan.



Among the **second level** objectives is the monitoring of CSR actions via the Social Council:

The **monitoring** carried out by the **Social Council** on the various open CSR projects involved the following organisations: GUREAK, UDA, MUNDUKIDE, FAGORMUGI...

Due to the world pandemic situation experienced throughout 2020, many of the planned CSR actions were affected and, to a large extent, modified or postponed due to Safety issues.



2.3 REVIEW OF THE HEALTH AND SAFETY AT WORK SYSTEM

This year was a year of **changes in terms of Health Surveillance**. Due to the retirement of the Osarten doctor who managed Health Surveillance at Mondragon Assembly, in **November 2020 negotiations were concluded with Quirón Prevención** to establish the **Health Surveillance** model with them.

The Health Surveillance operating procedure has been replaced and brought into line with the current situation.

ACCIDENTS AND INCIDENTS:

The **indicators** have yielded the following data:

| INDICATOR | 2019 | 2020 |
|------------------------------|------|-------|
| INCIDENCE INDEX | 27.6 | 40.5 |
| FREQUENCY INDEX | 16.4 | 23.9 |
| SEVERITY INDEX | 0.0 | 0.5 |
| AVERAGE LENGTH OF SICK LEAVE | 1 | 28.75 |

HEALTH AND SAFETY COMMITTEE:

This year the composition of the Health and Safety Committee has been modified due to the **replacement of one person**. The **new member** has undergone the appropriate **training** and the **Work Inspection Office** has been **notified** of their appointment.

In addition, the procedure for the functioning of the Health and Safety Committee has been more precisely defined.

Due to the situation caused by **COVID-19** during 2020, **many extraordinary meetings** of the Committee were held to share information and to try to find solutions to the various situations that arose.

REVIEW OF RISK ASSESSMENTS:

In **2020**, a process for **changing occupational risk assessments** from a job-by-job methodology to a modular approach was established, and **50% of the risk assessments were updated**.



ADEQUACY OF RESOURCES:

Throughout the year, the resources allocated to occupational risk prevention at Mondragon Assembly had to be adjusted, as **major changes were made to adapt the daily activity** to the **COVID-19** situation. This **involved** an outlay of approximately **€25,623.77**.

On the one hand, there was a significant economic allocation for the **purchase** of:

- Hydroalcoholic gel
- Masks
- Gloves
- Screens
- Punch cards
- Pointers
- Disinfectant mats
- Soap and Paper
- Alcohol
- PCRs carried out on workers
- CO2 measuring devices
- New ventilation system

And the financial and human resources for **cleaning services of the facilities** were increased.

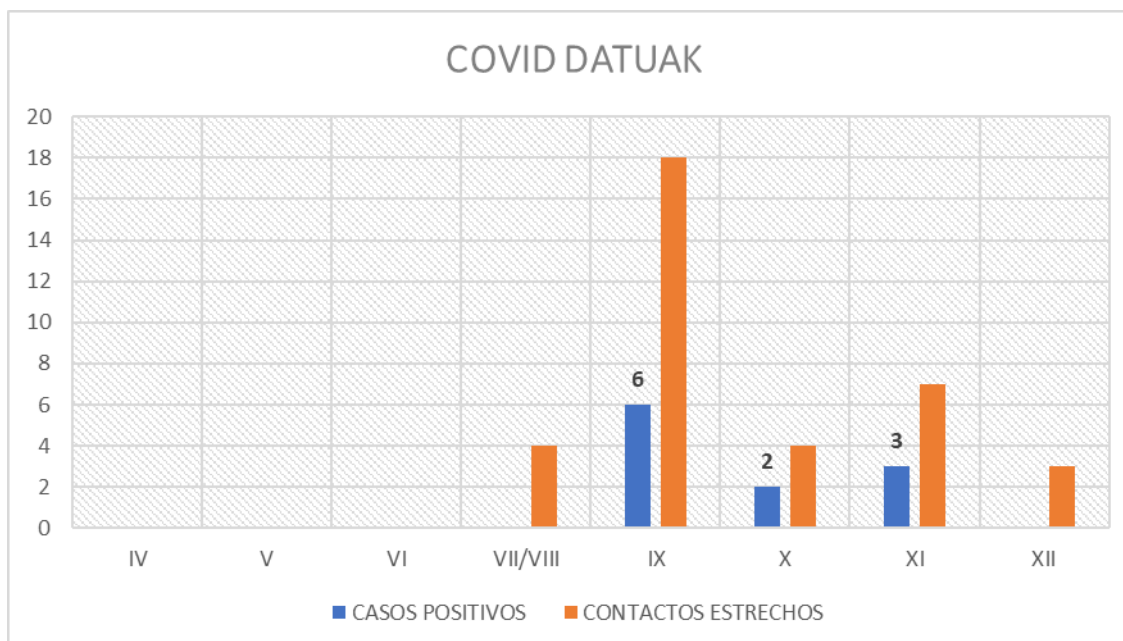
In addition, a request was made for **specific insurance** for TCA-s on **trips** and various consultations were made with external bodies to obtain information on trips to be made for projects.

COVID CASES 2020:

Although 2020 was a year of great challenges due to COVID-19, Mondragon Assembly did not suffer any cases of internal contagion among its workers thanks to the safety measures that we systematically implemented during the year and the responsibility of everyone in complying with them.

| | IV | V | VI | VII/VIII | IX | X | XI | XII | 2020 |
|--------------------------------------------------|----|---|----|----------|----|---|----|-----|------|
| CASOS POSITIVOS (contagio en Mondragon Assembly) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CASOS POSITIVOS (fuera de Mondragon Assembly) | 0 | 0 | 0 | 0 | 6 | 2 | 3 | 0 | 11 |
| CONTACTOS ESTRECHOS | 0 | 0 | 0 | 4 | 18 | 4 | 7 | 3 | 36 |

However, there were 9 people who tested positive for Covid-19 during the year due to infections outside Mondragon Assembly, fortunately without health consequences, and 36 people who had to remain in quarantine because they were considered close contacts.



ACTIVITIES CARRIED OUT DUE TO COVID19:

2020 was a challenge in terms of workers' Health and Safety issues. The world pandemic declared in mid-March led us to manage various containment measures against biological risk in Mondragon Assembly, in order to prevent the spread and mass contagion among workers.

At the end of March, Spain decreed a nationwide State of Health Emergency, generating a series of committees and legislative changes that led to a back-and-forth of rules and restrictions, which were modified according to the epidemiological situation.

At Mondragon Assembly we had to adapt to these legislative changes and propose preventive measures, which is why we initially opted to carry out a **Biological Risk Assessment**, from which the **initial COVID protocol was derived**.

Subsequent **changing situations** required these protocols to be modified, with **5 revisions of the initial protocol being made by the end of 2020**.

During 2020, **many activities (nearly 100)** related to COVID19 were carried out, **including** communications for **information and raising awareness**.

PROPOSED OBJECTIVES 2021:

The following second level objectives were defined:

- **Establish representative KPI's for the IMS:** To have an integrated control panel for the efficient monitoring of the main processes of the Integrated Management Systems.



- 80% compliance with the established Communication Plan.
- 80% compliance with the Training Plan
- Resolve and respond to IMS observations and non-conformities by 60%
- Achieve more than 80% of IMS Planning



2.4 ENVIRONMENTAL SYSTEM REVIEW

ENVIRONMENTAL INDICATORS:

The **environmental indicators** for the 2020 year-end were **reviewed** and those that are considered **significant** under the current evaluation system **were analysed**:

| NOMBRE / ASPECTO | DESCRIPCIÓN | RATIO | C1 (MAGNITUD) | C2 (PELIGROSIDAD) | VALOR TOTAL (C1 + C2) | SIGNIFICATIVO (SI / NO) | CONTROL |
|--------------------------------------------------------------|------------------------------------------------|--------------------------------------------------|---------------|-------------------|-----------------------|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Recursos Naturales | Consumo de Energía | KW/h año / Valor Producción (C) | 6 | 10 | 60 | SI | El consumo energético se ha disparado debido a la producción en nuestras instalaciones por parte de nuestro cliente Onli. De este consumo, 117.000 Kw/h han sido producidos por los paneles solares de la cubierta, es energía limpia. Durante 2020 han comenzado los trabajos de revisión de eficiencia energética, habiendo monitorizado los sistemas de climatización y realizando grandes inversiones en mejoras de eficiencia energética. |
| Recursos Naturales | Consumo de Gasóleo | Litros/año / Valor Producción (C) | 10 | 10 | 100 | SI | En 2019 se elaboró un estudio de la flota de vehículos y no se ve viable volver a modificar los vehículos en renting. En 2020 debido a la situación de Pandemia, las limitaciones de transporte público y el riesgo de contagio en los mismos nos ha llevado al mayor uso de vehículos de empresa y vehículos personales, para aquellas puestas a punto en cliente nacional y Europeo. Además las limitaciones en ocupantes del vehículo también ha supuesto un mayor uso de todos los vehículos. |
| Emisiones a la atmósfera | Emisiones CO2 | Tn / Valor Producción (C) | 6 | 10 | 60 | SI | En 2020 debido a la situación de Pandemia, las limitaciones de transporte público y el riesgo de contagio en los mismos nos ha llevado al mayor uso de vehículos de empresa y vehículos personales, para aquellas puestas a punto en cliente nacional y Europeo. Además las limitaciones en ocupantes del vehículo también ha supuesto un mayor uso de todos los vehículos. |
| Residuos Peligrosos | Residuos de Taladradora | Kg / Valor producción (C) | 10 | 10 | 100 | SI | En 2019 no hubo residuo de taladradora, por lo que los valores de 2020 disparan la magnitud comparativa. |
| Residuos Peligrosos | Residuos Aceites | Kg / Valor producción (C) | 10 | 10 | 100 | SI | Los residuos de aceites incrementan proporcionalmente según la producción. No se prevén acciones. |
| Residuos Peligrosos | Residuos de Equipos electrónicos y ópticos | Kg / Nº Personas | 10 | 6 | 60 | SI | A lo largo del 2020-2021, se están llevando diversas limpiezas de equipos obsoletos, y caracterización de líneas no vendidas. |
| Emisiones y Consumo de energía a consecuencia del transporte | Puertas Mercado Interno / Valor Producción (C) | C Puertas Mercado Interno / Valor Producción (C) | 10 | 6 | 60 | SI | La pandemia ha supuesto que durante los primeros meses se haya trabajado a dos relevos en toda la planta (oficinas + producción) lo que ha supuesto un incremento sustancial de los consumos energéticos. |
| Emisiones y Consumo de energía a consecuencia del transporte | Puertas Mercado Externo / Valor Producción (C) | C Puertas Mercado Externo / Valor Producción (C) | 10 | 10 | 100 | SI | La situación actual y la competitividad de mercado no ha dado grandes márgenes en cuanto a costes de transporte, el bloqueo entre países debido a la pandemia ha tenido impacto también en cuestiones de compras y proveedores. |
| Emisiones y Consumo de energía a consecuencia del transporte | Puertas Compras / Valor Producción (C) | C Puertas Compras / Valor Producción (C) | 10 | 6 | 60 | SI | La situación actual y la competitividad de mercado no ha dado grandes márgenes en cuanto a costes de transporte, el bloqueo entre países debido a la pandemia ha tenido impacto también en cuestiones de compras y proveedores. |
| Emisiones y Consumo de energía | % respecto a consumo de modelos anteriores | % respecto a consumo de modelos anteriores | 10 | 6 | 60 | SI | La pandemia ha supuesto que durante los primeros meses se haya trabajado a dos relevos en toda la planta (oficinas + producción) lo que ha supuesto un incremento sustancial de los consumos energéticos. |
| Energía consumida. Residuos generados. Materias utilizadas | Producción subcontratada | % de la producción subcontratada | 10 | 10 | 100 | SI | La producción subcontratada se incrementa en proporción al nivel de actividad y también impacta el tipo de proyecto, según el nivel de integración de la producción. De momento no se prevén acciones. |

ENVIRONMENTAL NON-CONFORMITIES AND ACCIDENTS:

In **2020 there were no non-conformities** or accidents such as spills, excessive emission values, etc.

No discharge simulation was carried out at the end of the year due to the COVID-19 situation, in order to avoid crowds outside the premises.

ACTIVITIES SPECIFIC TO THE ENVIRONMENTAL MANAGEMENT SYSTEM:

> ADEQUACY OF RESOURCES

This year, no additional resources were allocated to the Integrated Management Systems department, over and above those already in place in previous years, although a number of activities related to energy efficiency were implemented.

A **subcontractor** works on a daily basis to **collect the recycling** to be deposited in the community bins.

On the other hand, work is being carried out in conjunction with other entities in the **search** to improve **energy efficiency** by the innovation area, having launched in 2020 the **monitoring** of the **climate control** systems in meeting rooms.

In addition, at the infrastructure level, the current fused lights are being replaced by **LED** lights, and the air ventilation system is being **adapted** for less aggressive air **ventilation**, by pre-heating the renewed air in the facilities.

> COMMUNICATION AND AWARENESS-RAISING:

Quite a lot of **awareness** information has been sent to all the workers, e.g.:



Mesedez gogoratu !!

Biltzeko filma, burbulazko plastikoak... "PLASTIKO INDUSTRIALA"-ren edukiontzira bota behar ditugu.

Kanpoko edukiontzi horia ohiko plastiko birziklagarrientzako da soilik.



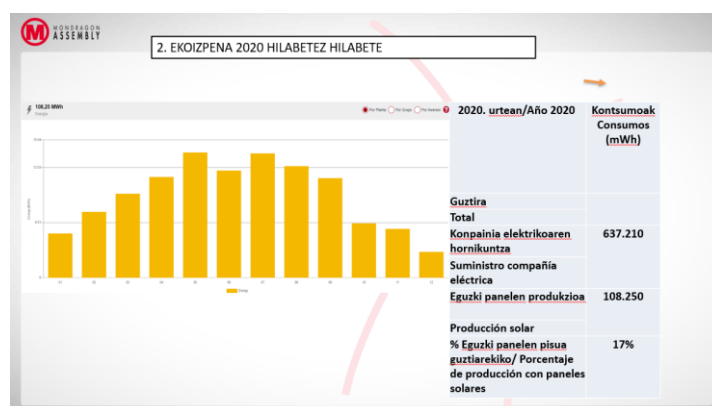
PANELES SOLARES

Como recordaréis, el año pasado instalamos 380 paneles solares en nuestro tejado. Desde su instalación, hemos conseguido generar un total de 183,39 MWh de energía, lo que supone un consumo de energía anual equivalente al de 18 familias.

La cantidad de energía generada por nuestros paneles solares en el año 2020 es la siguiente:

| ENERGÍA (MWh) | ENERGÍA (MWh) |
|---------------|---------------|
| ENERO | 1,40 |
| FEBRERO | 2,29 |
| MARZO | 8,17 |
| ABRIL | 11 |
| MAYO | 13,47 |
| JUNIO | 11,7 |
| JULIO | 8,24 |

CLEAN ENERGY GENERATION AND EMISSIONS REDUCTION:



During 2020, **108,250 kWh** of electricity was produced by the solar panels on the roof, resulting in the following **reduction of emissions** into the atmosphere:

| | CO2 isurketen murrizpena (0,267kg/kWh) | SO2 isurketen murrizpena (0,32 g/kWh) | NOx isurketen murrizpena 0,231 g/kWh |
|-------------------------------|----------------------------------------|---------------------------------------|--------------------------------------|
| 2019ko ekoizpena (117600kwh) | 31.399,20 | 37.632,00 | 27.165,60 |
| 2020n ekoizpena (108.250 Kwh) | 28.902,75 | 34.640,00 | 25.005,75 |
| ISURKETEN MURRIZPEN METATUTA | 60.301,95 | 72.272,00 | 52.171,35 |



OTHER ACTIONS CARRIED OUT:

In 2020, the **possibility** was **analysed** of implementing a **Product Life Cycle Analysis** at Mondragon Assembly, **and** the need was **assessed** to launch a study of the level of **impact** of Mondragon Assembly's activity on the environment in terms of **Greenhouse Gases**..

In both cases, it has been decided to postpone the materialisation of the change to 2021, bearing in mind that the **Fagor Group** is **promoting** the adaptation of the **Non-Financial Report** (obligatory for Mondragon Assembly as of the 2021 financial year), **generating** a **Sustainability Report** that complies with both requirements.

In this document, the main environmental indicators will be analysed, adapting those already existing in Mondragon Assembly to the principles of Greenhouse Gases. Once the actual impact is analysed through the collaboration with Lavola, it is hoped that there be the possibility of analysing the product life cycle through such indicators.

This year, and due to the **COVID-19 situation**, a **greater impact of waste** was detected due to the mandatory use of surgical masks inside the facilities for the workers' health prevention.

PROPOSED OBJECTIVES 2021:

In 2021 the following **second level objectives** have been established:

- **Establish environmental indicators to assess the product life cycle in MA:** Measure the environmental impact that the actions/materials represented in Mondragon Assembly's current environmental indicators have and see how we can adapt them to the product life cycle.
- **Establish representative KPI's for the IMS:** Have an integrated control panel for the effective monitoring of the main processes of the Integrated Management Systems.
- Create and publish the Sustainability Report in collaboration with Lavola and Emun, through the Fagor Group common project.
- 80% compliance with the established communication plan.
- 80% compliance with the training plan
- Resolve and respond to IMS observations and non-conformities by 60%
- Achieve more than 80% of IMS planning

2.5 REVIEW OF THE QUALITY SYSTEM

COMPLIANCE WITH LEGAL AND OTHER REQUIREMENTS:

A **review** of the **machinery regulations** has been carried out and **changes** have been noted in the following harmonised standard:



- **UNE-EN ISO 20607:2020** Machine safety. Instruction manual.
General drafting principles.

During **2021**, there is a target to **revise** the machine **instruction manual**, where everything required by the new manual regulations from 2020 onwards will be revised.

NON-CONFORMITIES AND CORRECTIVE ACTIONS

In the internal audits carried out throughout 2020 at Mondragon Assembly **no significant deviations** were observed in the Quality Management System.

CUSTOMER SATISFACTION:

> SPECIAL MACHINERY:

The **average score** obtained was **3.6** (where 0=very dissatisfied and 5=very satisfied), with **81.55%** of the **cases** having a **score higher than 3.5** and **none lower**.

In general **we consider** that the **satisfaction** of our **customers** is **good** and **some** of them even **congratulate us**.

> SOLAR BUSINESS:

Due to the exceptional situation created by **Covid-19**, we have **not** proceeded with the completion of the customer satisfaction **surveys** during 2020. For projects delivered in 2020 and those sold in 2020 but commissioned at the customer's premises in 2021, the questionnaire **will be** completed in the **first two quarters** of 2021.

PERFORMANCE OF EXTERNAL SUPPLIERS:

This year the **average score** obtained by suppliers was **5% worse** than **the previous year**, **although** the **overall rating** was **good**. We have 19 suppliers in green, completely satisfactory, 17 in orange, giving a good service although there is still room for improvement, and 1 supplier in red.

Our Kunshan plant has moved from green to orange this year due to transport coordination issues, which have caused some incidents.

The supplier in red is a regular supplier and we need to take corrective action urgently.

The total defectiveness between commercial items and parts subject to a deadline is 0.63%. We have to keep working to improve.



PROPOSED OBJECTIVES 2021:

In 2021 a **1st level objective** has been established::

- **Review and update the Quotation - Collection process** based on the areas for improvement detected in the internal audits, establishing and optimising the process milestones in order to achieve greater organisational efficiency.

And for **second level objectives** the following have been established:

- **Update of "general machine manual" documentation:** Revise the design and content of the general machine manual to make it easier for the end-user to use.
- Train more than 40% of the workforce involved in completing the manual.
- **Establish representative KPI's for the IMS:** Have an integrated control panel for the effective monitoring of the main processes of the Integrated Management Systems.
- 80% compliance with the established communication plan.
- 80% compliance with the training plan
- Resolve and respond to IMS observations and non-conformities by 60%
- Achieve more than 80% of IMS planning
- Reduce by 50% the level of deviations in the Quotation Collection Audit



2.6 REVIEW OF THE CSR SYSTEM

COMPLIANCE WITH LEGAL AND OTHER REQUIREMENTS:

No modifications were **observed** in **legal** matters related to CSR, **apart from** all the **changes** experienced throughout the **COVID-19** pandemic situation, to which the company has progressively adapted. Work is underway to prepare Mondragon Assembly's non-financial report, in accordance with the requirements defined in Law 11/2018, adapting it to GRI standards through the Fagor Group, for publication of the 2021 activity to be presented in 2022.

ADEQUACY OF RESOURCES:

In 2020, **an initiative** was launched to **improve** the **people management system**, through the implementation of the Zucchetti programme. During the year, work was focused on planning and adapting the platform to the company's requirements in the areas of communication, training and organisation.

The **Employee Portal** was designed with a mobile application and documentation of interest to the worker, as well as the Mondragon Assembly **Training catalogue** via the application.

In terms of human resources, since 2020 the group of **people** who make up the **Social Council** have been **active in** managing the **Social Responsibility system**.

COMMUNICATION WITH STAKEHOLDERS:

In 2020 a **Communication Plan** was defined that includes all the relevant topics to communicate to the various Stakeholders:

| ZEINI ZUZENDUA: GRUPOS DE INTERES | | | | | | | | | | | | | | |
|-----------------------------------|-------------------------------|--------------------|------------------------------|-----------|----------------|----------------|-------------------|------------|--------------------------------|-----|-------|-----------|-----------|------------------------------------------------------------------------------------|
| Cientes | Proveedores y subcontratistas | Plantas y filiales | Trabajadores MA Aretxabaleta | Dirección | Consejo Rector | Consejo Social | Comité Compliance | Comité SSL | socios y aliados (koniker,...) | SPM | Fagor | Mondragon | Lagun Aro | Entidades financieras |
| | | | | | | | | | | | | | | Administración (ayuntamiento, diputación foral, hacienda foral y seguridad social) |
| | | | | | | | | | | | | | | Sociedad Civil |

The **main themes** to be communicated related to CSR (Corporate Social Responsibility) are:

- > Annual report
- > Audit results
- > Objectives of the IMS (Integrated Management System)
- > IMS projects

- > CSR projects
- > Awards and achievements
- > General information on CSR
- > CSR training

The **communication channels** commonly used are the following:

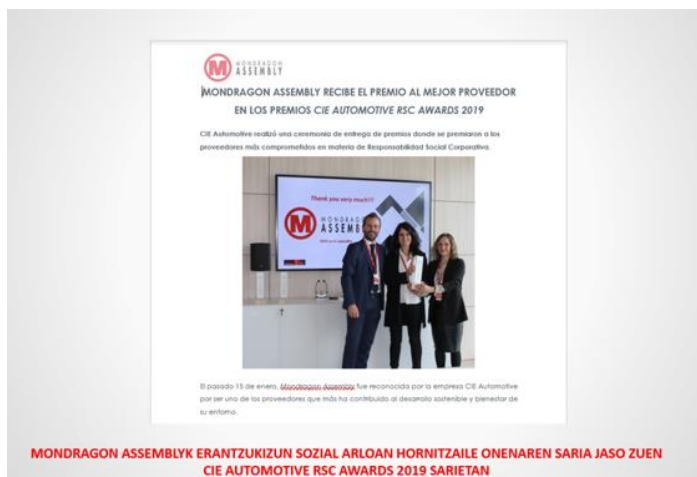
- > Website
- > E-mail
- > General Assembly
- > Meetings with team leaders/department heads
- > Annual report
- > Meetings of the Board of Directors and the Governing Board
- > Social networks ("LinkedIn", "TuLankide", etc.)
- > Work forums
- > Informative talks
- > Live presentations

RESULTS OF THE CODE OF CONDUCT COMPLIANCE ASSESSMENT:

The "Code of Conduct" has been **well observed**, with no significant or serious deviations.

"CIE AUTOMOTIVE" AWARD:

Mondragon Assembly attended the First Edition of the "**CIE AUTOMOTIVE RSC 2019**", awards, to receive the award for the best suppliers, who have demonstrated their **commitment and actions** in all aspects directly related to **Corporate Social Responsibility**.





FAMILY-WORK BALANCE:

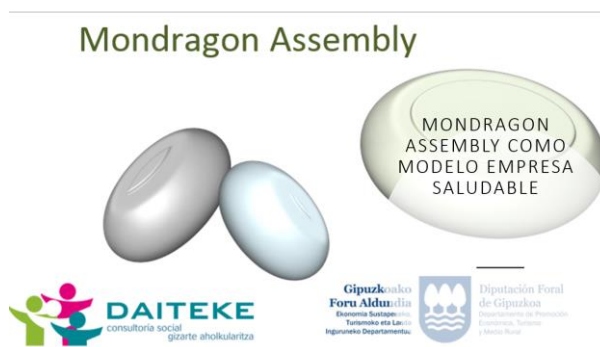
During 2020 there were **12 people** with special working hours as a measure to reconcile family and work:

- 2 people with a 4-hour working day
- 3 people with a 5-hour working day
- 1 person with a 5.25-hour working day
- 5 people with a 6-hour working day
- 2 people with a 7-hour working day.

In addition, throughout 2020, and given the situation caused by **Covid-19**, where the services of educational centres have been closed and/or limited, Mondragon Assembly has activated **additional work-family reconciliation measures** mainly through **flexible working hours and teleworking**.

DIAGNOSIS OF A HEALTHY BUSINESS MODEL (DAITEKE):

In **2020** a **survey** was carried out among Mondragon Assembly workers to make further progress in the diagnosis of a Healthy Company, with funding granted by the Provincial Council of Gipuzkoa, Department of Economic Promotion, Tourism and Rural Environment. The **questionnaire** was developed using a basic form that was adapted to the company by a **multidisciplinary working group** made up of **staff from Mondragon Assembly and from Daiteke, Consultoría Social**.



The **aim** of the project is to promote the **retention and attraction of talent** through the Healthy Company model in the network of companies in Gipuzkoa.

The results from this project will undoubtedly have favourable consequences for the entire organisation. We believe in the **Healthy Company Model** as a **mechanism** for **attracting and retaining talent**.

The **results** of this survey have been **published** and will be taken into account for the **actions** included in the plan for **2021**



C.O.F.I.P. SUPPORT:

Mondragon Assembly each year decides to allocate part of its profits to help various organisations and for the individual training that its workers wish to undertake.

This year, given the **COVID-19** situation, the Fagor Group **increased the percentage devoted** to COFID aid, **from 8% to 35%**.

In the case of **Mondragon Assembly**, it was decided to maintain the **8%** for initiatives to promote the **Basque language, culture, staff training, support for the third world and civic activities**. The remaining **27%** will be used to meet the costs of **Covid-19**.

TALKS, FAIRS AND PARTNERSHIPS:

In **2020**, the **COVID-19** situation **limited** the **interrelationships** we had with stakeholders. With regard to the dissemination of knowledge through **conferences and talks** by people from our organisation, the situation was as follows:

> VISIT BY STUDENTS FROM THE MASTER'S DEGREE IN INTERNATIONALISATION OF ORGANISATIONS (MU-Enpresagintza)

On 16 January we welcomed the students of the Master's Degree in Internationalisation of Organisations to our premises, **an event** that we have been **repeating** for the **last few years** given our close relationship with Mondragon University. On this day, in addition to showing the students our premises, they are presented with a specific and real case from Mondragon Assembly which they have to work on over the following months, and which they then send to us from Mondragon University for our assessment.



We are firmly committed to bringing the **university closer to the business world** and the result of this is the various events we organise throughout the year.



It should be noted that this year, due to the pandemic, many of the **activities** such as open doors or student visits to our premises were **suspended and others** were adapted to a **virtual format**:

| EVENT | SUBJECT | DATE |
|--------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|-----------------------|
| Visit by students from the master's degree in internationalisation of organisations (MU-Enpresagintza) | Visit to MA, presentation of the company and the case to be addressed | 16/01/2020 |
| Debagoieneko enplegu azoka | Job Fair | 14/02/2020 |
| Ikaslan – Erasmus | Presentation | 17/02/2020 |
| UPV Employment fair – Gipuzkoa Campus | Job Fair | 27/02/2020 |
| UPV Employment fair – Araba Campus | Job Fair | 05/03/2020 |
| Webminar – Intersolar India | The impact of Covid on the solar business in India | 15/04/2020 |
| IMH virtual fair | Presentation / Job Fair | 14/10/2020 |
| Gipuzkoa Chamber | Job Fair | 15/10/2020 |
| Gipuzkoa Virtual Talent | Job Fair | 14/12/2020-17/12/2020 |

PROPOSED OBJECTIVES 2021:

In 2021 the following **first level objectives** have been established:

- Implement the 2021 Healthy Life plan for 80%, with an emphasis on the promotion of emotional health.

In addition, the following **second level objectives** have been established:

- Activate 3 partnership projects in SR10.
- **Establish representative KPI's for the IMS:** Have an integrated control panel for the effective monitoring of the main processes of the Integrated Management Systems.
- 80% compliance with the established communication plan.
- 80% compliance with the training plan
- Resolve and respond to IMS observations and non-conformities by 60%
- Achieve more than 80% of IMS planning



2.7 REVIEW OF THE CRIMINAL COMPLIANCE SYSTEM

CRIMINAL COMPLIANCE MANAGEMENT:

Through existing procedures, all **potential offences** included in Organic Law 1/2015, of 30 March, which modifies Organic Law 10/1995, of 23 November, of the Criminal Code, and those that are included in subsequent updates of the law, are **identified and evaluated**.

Mondragon Assembly has **two main control mechanisms** for this management:

> Firstly, the systematic review by the Management Committee of due diligence with customers, suppliers and business partners, using a risk assessment with the following characteristics:

| | | ALCANCE ECONÓMICO (oferta, pedido estimado,...) | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|-------------------------------------------------|------------------|----------------|----------------|
| | | < 0,5 millón € | 0,5-2 millones € | 2-5 millones € | > 5 millones € |
| NIVEL DE CONFIANZA (clientes, proveedores, colaboradores) | | 1 | 2 | 3 | 4 |
| MUY FIABLE: Cooperativa de Mondragón Se ha trabajado previamente >2 veces | 1 | 1 | 2 | 3 | 4 |
| BASTANTE FIABLE: Empresa estatal conocida Se ha trabajado al menos 1 vez Cliente de un cliente nuestro fiable | 2 | 2 | 4 | 6 | 8 |
| POCO FIABLE: Clientes/proveedor nuevo Países fuera de la unión europea | 3 | 3 | 6 | 9 | 12 |
| NADA FIABLE: Empresas polémicas (medios de comunicación) Países en los que nunca se ha trabajado Alto nivel de riesgo país Compras muy especiales de suministro crítico | 4 | 4 | 8 | 12 | 16 |

| | | |
|---------------|----------|---------------------------------------|
| Entre 1 y 2 | Bajo | No hace falta |
| Entre 3 y 4 | Moderado | Decisión del CD |
| Entre 6 y 9 | Alto | Se recomienda un estudio simple |
| Entre 12 y 16 | Extremo | Se hace necesario un estudio completo |

FILTRO PROBABILIDAD PROYECTO/PEDIDO >70%

From the results obtained in this review a **detailed investigation** will be carried out by the financial department on those customers and suppliers **deemed appropriate**

> Secondly, the **analysis of the risk of crime** is reviewed **annually** to assess the level of risk of possible crime at Mondragon Assembly and to **verify** that the current **controls** are **sufficient and adequate** to prevent crimes from being committed.

The analysis carried out this year has returned a **satisfactory result** although some improvements are going to be implemented to increase the efficiency of the controls.

RISKS AND OPPORTUNITIES:

In **2020 two opportunities have been identified to improve** the criminal compliance system:

> Firstly, progress has been made in the **implementation of compliance measures** for Mondragon Assembly **suppliers**. The final text of the order document has been modified, indicating that, together with the order, the supplier company **accepts the general purchasing conditions and the Code of Conduct** for Mondragon Assembly suppliers, available on the website.



> Secondly, the **implementation of criminal compliance in the subsidiaries has almost been completed**, with only the training and signature in Germany still pending, as it has not been possible to travel due to the COVID-19 situation.

COMPLIANCE WITH LEGAL AND OTHER REQUIREMENTS:

The legal amendments in 2020 regarding the Penal Code have been reviewed and **no changes have been identified**.

The results of the **internal audit together** with the **evaluation** of the **controls** established for criminal compliance at Mondragon Assembly, lead us to conclude that we **comply** with the legal requirements and other regulatory and customer requirements in terms of criminal compliance.

OFFICIAL COMPLAINTS RECEIVED:

No complaints were received **through official complaint channels** in 2020.

COMMUNICATIONS WITH INTERESTED PARTIES:

In 2018, the **"website"** was set up as a **communication channel** with **stakeholders**. It **publishes**:

- The Code of Conduct and Policies
- **Annual reports** on activities

The following **two communications** have been **disseminated** via **email**, in accordance with the communications plan::



Compliance Penaleko politikan ezarritakoa betez, irregulartasunei buruzko salaketan postontzi bat dugula gogorarazten dizuegu Mondragon Assemblyn, honako posta elektronikoaren bidez:

gestionetica@mondragon-assembly.com

Jasotako salaketak "Conducta y Compliance penal" Batzordeak aztertuko ditu, datuen konfidentziasuna betez.



GESTIO SISTEMA INTEGRATUETAKO BULETINA- AZAROA

Pilula informatiboa: Bezeroekin tratua eta opariak

Abenduan sartuko gara, eta Gabonak hurbiltzean oso ohikoa izaten da bezero eta hornitzaileekin opariak trukatea. Baina non jartzen dugu muga? Noiz jo behar dugu opariak onargarritzat?

Mondragon Assembly-ren jokabide-kodean, opari-politika hau dugu:

MA-ko langileok ezin dugu ez opariak eman ez onartu gure jardueran profesionalan, salbuesatuz kortesia-keinu bat besterik ez diren opariak, balio ekonomiko xumea dutenak eta jasotzen duen pertsona erabakiak hartzeko preskiopean sentiarazten ez dutenak. Soziazio onargarriak izan behar dute, eta ez dute deserosotasunik sortu behar jasotzen, ematen edo, besterik gabe, garteararen berri izaten dutenentzat.



Opariaren garrantziari buruz zalantzarik baduzu, kontsultatu gestionetica@mondragon-assembly.com posta elektronikoaren bidez "Comité de conducta y compliance penal" batzordeari



CHANGES IN CRIMINAL COMPLIANCE PROCEDURES:

During **2021**, it has been determined that a **first level objective** of the Management Plan is the **implementation** of an **Action Protocol in the event of criminal complaints or non-compliance**. A protocol has already been drawn up to systematise and clarify the way in which the "Compliance Committee" acts.

PROPOSED OBJECTIVES 2021:

In the area of criminal compliance, the **following** objectives have been defined for 2021:

- **Establish representative KPI's for the IMS:** To have an integrated control panel for the effective monitoring of the main processes of the Integrated Management Systems.
- 80% compliance with the established communication plan.
- 80% compliance with the training plan
- To provide criminal compliance training in Germany and get at least 80% of staff to sign up.
- Resolve and respond to IMS observations and non-conformities by 60%
- To achieve more than 80% of IMS planning