

# SUBSIDY POLICY

## 1. Summary of the Policy

The purpose of this procedure is to establish the guidelines followed at Mondragon Assembly, S.Coop., based in Aretxabaleta, Gipuzkoa (hereinafter, MA), for the application, monitoring and management of subsidies, ensuring compliance with the requirements of the beneficiary: to carry out the subsidised activity and justify its implementation.

## 2. Scope

It shall be applicable to all public assistance requests from MA.

## 3. Definition of subsidy

Any monetary provision made by public administrations, in favour of public or private persons, and which meets the following requirements:

- The delivery is made without direct consideration from the beneficiaries;
- The delivery is subject to the fulfilment of a certain objective, execution of a project, implementation of an activity, adoption of a given behaviour, already carried out or to be developed, or concurrence of a situation, the beneficiary being required to fulfil the material and formal obligations that had been established;
- The purpose of the project, action, conduct or situation being financed is to promote an activity of public utility or social interest or to promote a public purpose.

## 4. General rules of behaviour

### Request for subsidies

It shall be the responsibility of the directors of the different areas to select the public calls to which they apply. To do this, and always following the regulatory bases and the call, the following shall be taken into account:

- The strategic priorities of MA and, specifically, the needs for improvement.
- The characteristics of the aid, such as the intensity (percentage of aid over the total budget requested) and format (non-refundable subsidy or repayable loan).
- The conditions of participation, particularly if it is an individual project or a consortium. In the latter case, special attention shall be given to possible conflicts of interest with other partners involved in the project and the liability regime.

The Director shall bring the project to the attention of the Directorate-General.

For communication purposes, the request shall include the project manager as a contact. For legal purposes, it shall include the director of the requesting area or the Director-General.

### Acceptance of aid

In the event that the Board requesting the aid notifies the provisional concession, it shall be studied by the person responsible for the project and/or the corresponding Area Director in order to agree on whether the aid shall finally be accepted or otherwise. The Area Director, by writing signed to the convening Administration, shall be responsible for accepting or not accepting the granted aid.

In case of being accepted, the Director of the Business Area shall inform the Financial Director of the existence of the aid and the characteristics of the project to be executed, in particular the terms and amounts associated therewith.

The Head of Administration shall create an analytical project in accounting, whose accounting code shall be reported to the corresponding Area Director, who shall allow them to collect all income and expenses related to the execution of the project.

The area directors shall keep track of the requested grants, including: the Regulatory Bases, Call, Provisional Resolution and, if published, the Definitive Resolution of the aid, alongside the respective Request, as they constitute the reference documentation for the execution and subsequent justification of the project.

### **Project execution**

For a subsequent justification of the aid, it is necessary to record all project activities in greater or lesser detail, for which the justification conditions published in the regulatory bases and/or the call shall be taken as reference.

The Director of the applicant area shall control the quality and progress of the technical work carried out in accordance with the aid request, with special attention given to deviations in time and effort. In turn, the Director shall manage, alongside the granting Administrations, any deviation on the application that may cause the loss of the granted aid.

### **Justification**

After the execution of the project, MA shall request the payment of the granted aid, for which it shall justify the execution of the activities of the project relating thereto and the application of the funds. The justification of the fulfilment of the imposed conditions and achievement of the objectives provided in the deed of concession of the subsidy shall be documented as provided in the regulations.

In general, the justifying account shall include a statement of the activities carried out that have been funded with the grant and their cost, with a breakdown of each of the expenses incurred. Expenses shall be credited by means of invoices and other documents of equivalent probative value in the legal transaction or with administrative efficiency, pursuant to the regulations.

### **Payment**

The Head of Administration shall inform the Director of the requesting area when the payment has been made and the final amount thereof in order to close the procedure.

### **Failure to comply with the Policy**

Any incident or query related to this policy shall be communicated directly to any member of the Conduct, Social Responsibility and Compliance Committee or through the email address:

*gestionetica@mondragon-assembly.com.*

Approved by the Governing Council on 30/10/2017