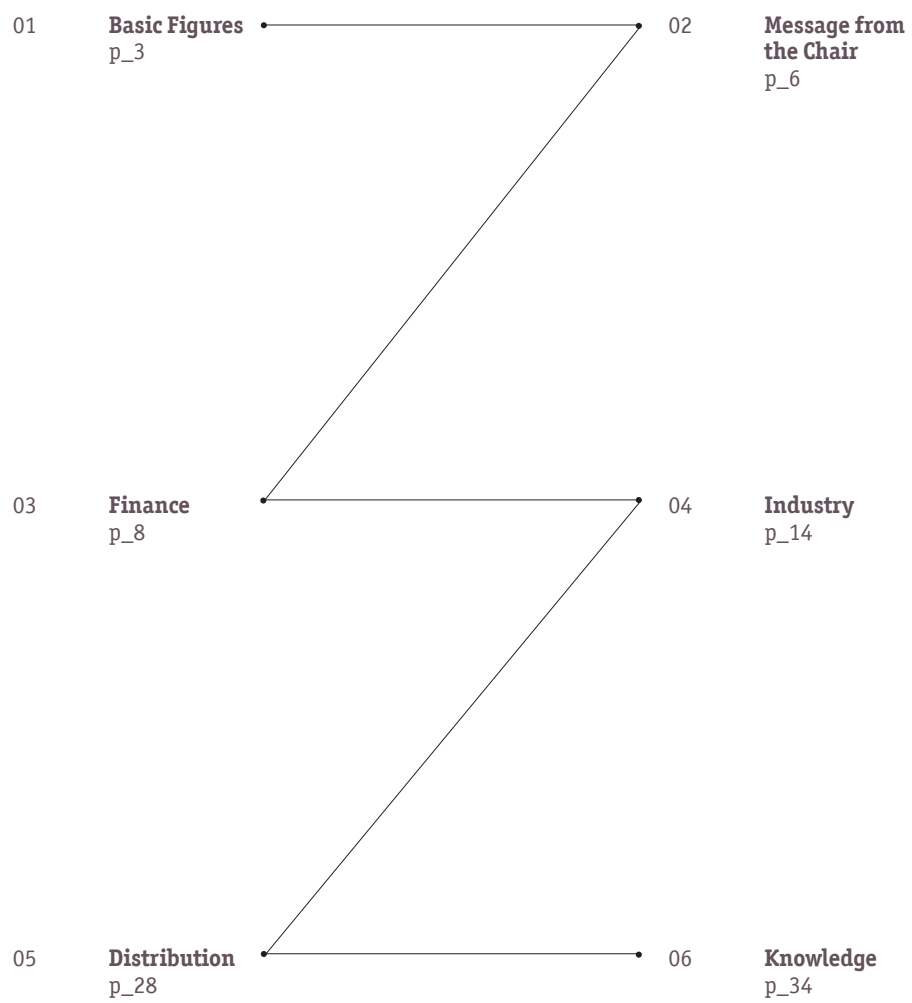


2015 A shared commitment, a connection of minds, responsibilities, visions, words and projects that make us stronger and are the driving force for the creation of links between everyone... That inspires the future.



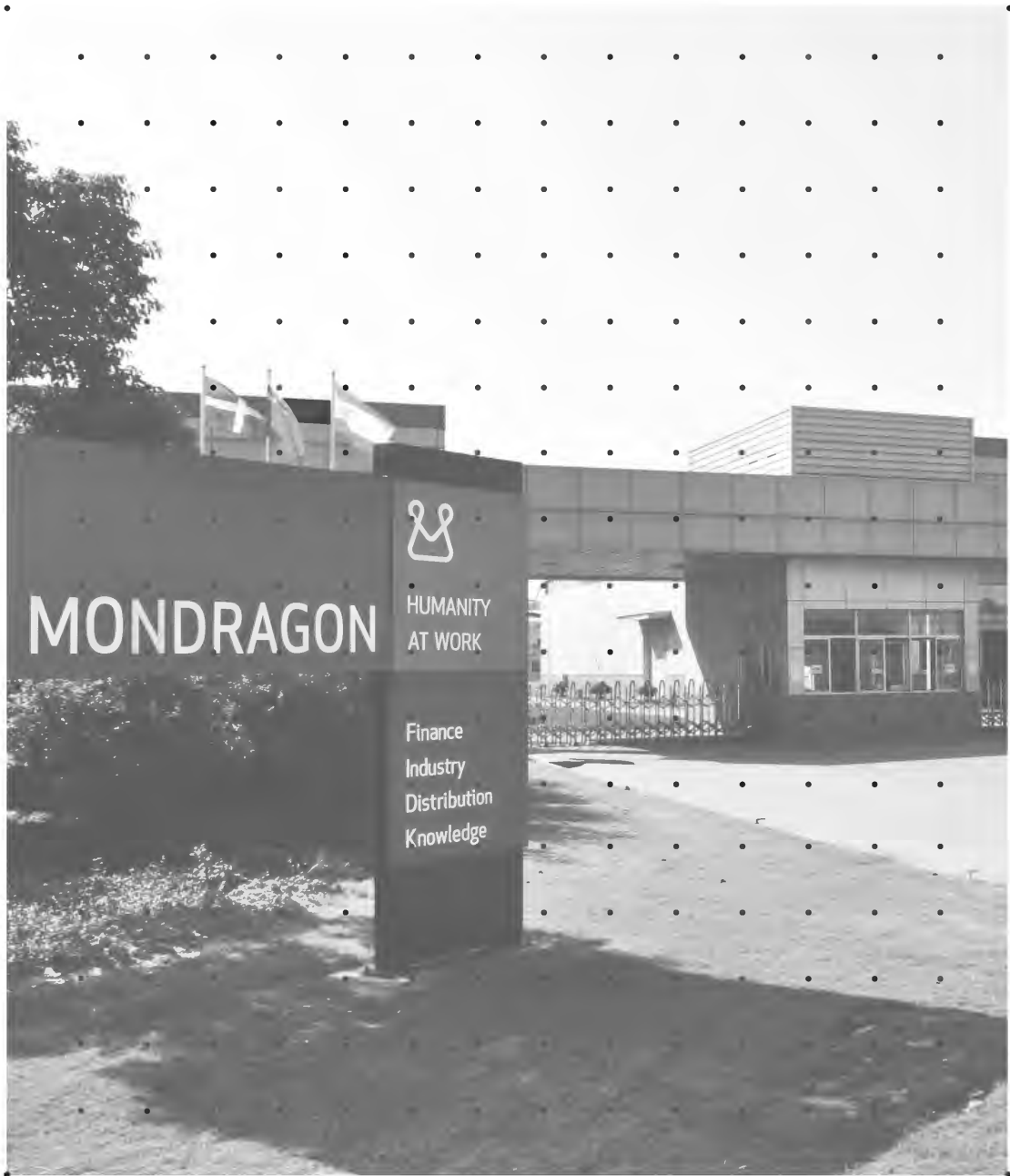


## BASIC FIGURES

	1 Mutual Society	8 Foundations	10 Support Entities	13 International Service companies	101 Cooperatives	128 Production Plants
Business Development	Total Income	2014	2015	% Variación		
		11.949	12.110	1,3		
	Total sales (Industry and Distribution)	11.059	11.368	2,8		
	Net investments	345	317	-8,1		
	EBITDA	1.168	1.122	-3,9		
	Intermediated Funds Laboral Kutxa LagunAro Equity fund	18.063	18.753	3,8		
	5.566	5.798	4,2			
Employment	Average jobs	74.048	74.335	0,4		
	% of shareholders in Industrial Area cooperative workforce	83	81	-2,4		
	% of female shareholders in cooperative workforce	43,0	43,0	0,0		
	Rate of Industrial Area incidents or accidents	29,3	31,4	7,2		
Shareholding	Working shareholders share capital	1.688	1.670	-1		
	Number of workers in governing bodies	810	810	0,0		
Solidarity	Funds for activities with a social content	17,8	22,7	27,5		
	No. of students in educational centres	11.439	11.368	-0,6		
Environmental management	No. of ISO 14000 certifications in force	69	72	4,3		
	Number of eco-design certifications	4	4	0,0		
Investment in the future	% funds allocated to R&D of Industrial Area added value	8,9	8,6	-3,4		
	No. of Technology Centres and R&D units	15	15	0,0		
	Total no. of researchers	1.679	1.774	5,8		

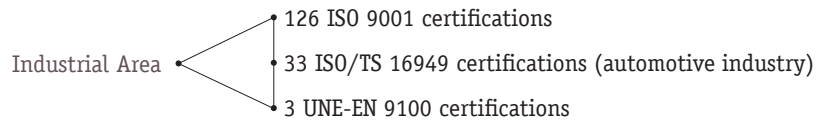
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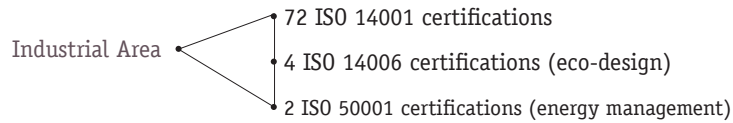


### CERTIFICATION IN EFFECT

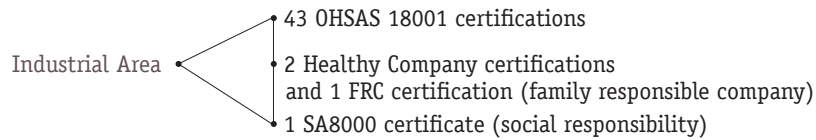
90% of sales with certified quality management system in cooperatives:



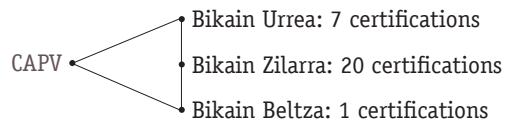
80% of sales with certified environment management system in cooperatives:



60% of people with certified occupational health and safety management system in cooperatives:



28% of people recognised with a certain level of use, presence and management of Basque in the CAPV:





Javier Sotil President

**MONDRAGON OF THE FUTUR**

Worldwide growth in 2015 stood at 3.1%, slightly below the level reached the previous year. The financial year was once again characterised by the inequalities in geographical areas. India, with 7.3%, is shown to be the Asian country that has grown most during the year. China is close behind, with growth of 6.9%. While, Brazil and Russia show the other side of the coin and have entered into recession with negative rates of -3.8% and -3.7% respectively. The USA, meanwhile, continues to lead the recovery of the advanced economies and repeats its 2014 growth rate (2.4%), and growth in the Eurozone was 1.9%. In Spain, the economic growth has exceeded expectations and stood at 3.2%. And lastly, the autonomous community of the Basque Country experienced an increase of 3.1%, a figure which represents an improvement of 1.8 points compared to the data collected in 2014 and representing the largest increase in the last eight years.

In this context, 2015 was a positive year for the group, both in terms of sales and financial results. We have also been able to offer an appropriate social response, consistent with our philosophy of solidarity and inter-cooperation, to partners affected by the problem of structural unemployment in some cooperatives.

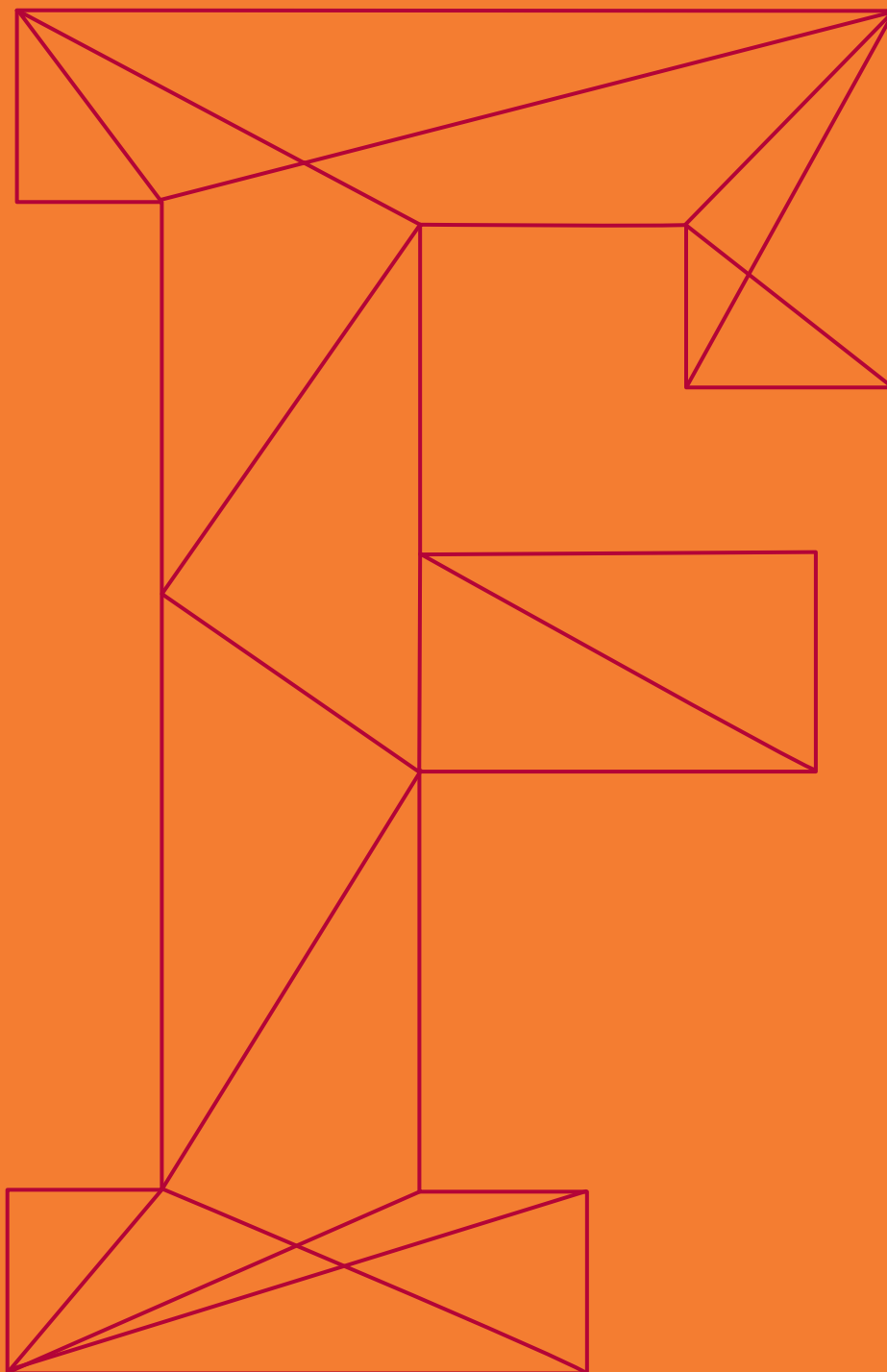
From the point of view of the main business variables, our business project has been strengthened throughout 2015. In the environment of a recovering economy, our businesses have taken advantage of the positive dynamics and we have achieved figures that have allowed us to create jobs which, ultimately, is our main task. In this respect, the development of the Industry area has been remarkable, having ended the year with 1,200 jobs more than in the previous year and with the satisfaction of having achieved 65% of such jobs in our own environment, while the remaining 35% have been in the international arena.

And, regarding our cooperative project, we have made significant progress in the process of reflection on “MONDRAGON of the future”. We have formulated a number of proposals related to the values and principles of our culture, with emphasis on self-demand and shared responsibility; we have proposed a new organisational model to respond to the heterogeneity of MONDRAGON and the challenges of the global market pivoting around 10 innovative projects; and we have prepared a new proposal for “Funds and Instruments of financial inter-cooperation”, which pivots on the profitability and sustainability of the businesses, maintaining inter-cooperation and solidarity among all parties.

Furthermore, throughout 2015, we have been outlining the Corporation’s roadmap for the next strategic cycle. The 2017/2020 Sociocorporative Policy emphasises competitive and sustainable businesses. And the strategies to meet the challenges of the future will be cooperative commitment and identity, funding, business innovation and promotion, inter-cooperation and global presence.

Both projects, “MONDRAGON of the future” and “2017/2020 Sociocorporative Policy”, will be discussed at the 2016 Conference to be held on 20 July. It will be another milestone in the long history of the group that will light the way for a new era of the Cooperative Experience. In this global scenario of maximum competition, full of uncertainties, of rapid change and business challenges, I am certain that we will know how to properly combine cooperative values with the demands of economic efficiency and that, once again, we will be able, with an ambitious vision, to take a further step towards leaving a consolidated and strengthened project for the next generation.





## **FINANCE**

In the Finance area, in an unprecedented and extremely demanding competitive environment, Laboral Kutxa managed to compensate for the pressure on the financial activity margins thanks to its control of operating costs and the high credit quality of its portfolio, obtaining 110 million euros of profit.

The insurance business also made very positive progress, with a record turnover. The LagunAro equity fund, EPSV, reached 5,798 million euros.

- In the composition of the credit portfolio, credit to private individuals represented 74%, and that to companies, 26%, the latter having increased by 3 percentage points compared to the previous financial year •

## LABORAL KUTXA

In this unprecedented and highly demanding competitive environment, Laboral Kutxa has managed to offset the pressure on financial activity margins thanks to its control of operating costs and the high credit quality of its portfolio.

The Insurance business, with overall results of 30.4 million euros, representing a historic record, has contributed significantly to the results of the institution. As a result, Laboral Kutxa ended the year with a consolidated after tax profit of 110 million euros, maintaining one of the best ratios of return on average total assets in the sector, while at the same time increasing the provisions coverage.

For the purposes of Liquidity, the evolution of retail **customer deposits** on the balance sheet and lending investment has allowed a ratio of loans to deposits of 88.2%, thus improving its comfortable structural liquidity position and, therefore, its potential investment capacity.

As for the commercial variables, the most important is that of **credit investment** and, although this shows strong evidence of a turnaround, new contracts are still not enough to offset repayments, continuing with a year more with the process of deleveraging households and companies, although more moderately than in previous years.

Thus, at the end of the year, gross credit investment stood at 14,260 million euros, falling 4.2%, very much in line with that recorded across the whole sector.



### SUPPORT FOR COMPANIES

In the composition of the **loan portfolio**, loans to individuals represents 74% and corporate lending 26%, the latter increasing by 3 percentage points over the previous year.

Compared with the sector, the loan portfolio, due to the increased weighting of mortgages, is less vulnerable to credit risk but has narrower margins.

With regard to the specialised companies network, formalisations in current assets amounted to 1,501 million euros, slightly exceeding the forecast and having grown, compared to the previous year, by 7.5%. The structural investment balance stood at 737 million euros, showing a 1.4% growth for the year.

The increase in trade intensity of this network is noteworthy, allowing 526 new customers to be added (8.0% compared with the starting point), reaching a total of 6,658 Enterprises (SMEs and large companies) which are now managed from the specialised area.

### RESULTS

The interest margin recedes over the previous year, mainly driven by low interest rates. The gross margin was 422 million euros, a 4% improvement with regard to the forecast thanks to the good performance of dividends and other financial transactions. Operating expenses have been successfully controlled and have experienced a reduction of 3.5% over the year. With regard to the trend in arrears, it reduced during the year to 7.4% of total funding awarded, a figure that compares positively with the percentage of doubtful debt in the sector, 10.2%, almost three points more. This data becomes more important when one considers that, unlike a significant part of the sector, Laboral Kutxa has maintained its scope of analysis throughout the financial year, without undertaking corporate movements or sales operations of troubled asset packages.

Thus allowing the requirement for provisions for risks to be significantly reduced. Overall, the **consolidated profit** after taxes amounted to 110 million euros, as already mentioned.

### THE BANKING-INSURANCE BUSINESS

Regarding the insurance business, this already contributes 30.4 million euros of overall profit to the Laboral Kutxa group. The basis of these good results is founded on the sale of new policies in the excellent renewal ratio portfolio, the good performance of claims and improvements in efficiency and productivity that are surfacing after the integration of the business.

The most important developments of the year were marked by the **expansion of the catalogue** in the range of personal products and by the launch of **new services** within the Laboral Kutxa on-line application for managing customers' policies and claims.

Currently, through its 338 offices, Laboral Kutxa offers a specialised banking and insurance service to its more than 1.2 million customers.

The cooperative banking model remains a success. It aims for specialisation and efficiency, supported by digitalisation and multi-channels, but without forgetting the differentiating quality that allows a social structure in customer service, because the person attending and advising the customer is not an employee but a partner of the bank.

This positive behaviour is reflected in the support in an important form of solid financial strength measured in terms of solvency. Equity at the end of 2015 amounted to 1,478 million euros, of which the share capital was 708 million euros and reserves, 785 million euros. Thus, the total solvency ratio rises to 15.92% and in terms of CET 1 Core Capital, 15.12% in its phased in transitional calculation, rising to 16.06% in the final fully-loaded calculation, placing the company among the top positions in the sector and comfortably exceeding the capital requirements set by the regulator.

- The number of pensioners at LagunAro amounted to 12,538 people, 529 more than at the 2014 year-end, having increased the total amount paid under this heading to 164 million euros, 7.5% more than the previous year •

## LAGUNARO, EPSV

The friendly society, LagunAro, is formed, mostly, by the members of the cooperatives that make up MONDRAGON. LagunAro focuses on the social welfare of this group and their family beneficiaries, with a similar scope to that of the Public Social Security System.

At the end of the financial year, the members of this **friendly society** included 27,970 people, integrated into 131 cooperatives, 432 members less than the previous year. The benefits for Retirement, Widowhood and Permanent Disability, the coverage of which is guaranteed for long periods of time and for a large number of members, are financed through the arrangement of appropriate provisions that guarantee the corresponding pensions.

At the end of 2015, the number of **pensioners** totalled 12,538 people, 529 more than at the end of 2014, with the total amount to be paid to them for these items having risen to 164 million euros, 7.5% more than the previous year.



- The Equity Fund increased during the year by 231 million euros, reaching 5,798 million euros at the end of 2015 •

Regarding **investment** management, 2015 was another difficult year for the financial markets, where volatility was one of the main characteristics. On the fixed income side, one cannot lose sight of the fact that interest rates are at very low levels as a result of the continuation of the expansionary monetary policy of the central banks; while in the case of the stock markets, which started 2015 with significant increases, from August onwards they suffered severe punishment after the poor data from China and the fear of it spreading to other emerging and developed economies. Another significant aspect in the behaviour of financial markets in 2015 was the revaluation recorded for the dollar against the euro.

In this difficult context, the year's results have been satisfactory. The profitability of investments was 5.34%. The Solvency Margin, which measures the level of commitment-free assets in relative terms, reached 10.9% at the end of 2015 (10.5% at the end of 2014), clearly standing above the 4% required by the applicable regulation.

The **Equity Fund** increased over the year by 231 million to reach a total of 5,798 million euros at the end of 2015.

The amount of the **Distributed Benefits** that cover short-term benefits totalled 79.0 million euros during 2015, being Employment Aid and Temporary disability the areas which required the most resources. This amount was used primarily for:

- Temporary Disability: 30.0 million euros (38% of the total).
- Employment Aid: 32.5 million euros (41% of the total).
- Healthcare: 12.0 million euros (15% of the total).
- Others (Assistance and Family Benefits): 4.2 million euros (6% of the total).

As in 2014, the significant expenditure recorded in providing employment aid (32.5 million) stands out, representing 41.1% of the total distribution of benefits. However, this amount is significantly lower (-25.2%) than that reached in 2014 (43.5 million). In this respect, 2015 can be considered a positive year, to the extent that the definitive solutions materialised (129 definitive relocations, 99 early retirements and 94 severances) have further reduced the number of partners declared in structural unemployment, which has changed from 1,296 at the end of 2014 to 979 at the end of 2015. Also, the high volume of temporary relocations has meant the number of people in effective unemployment has continued to fall throughout the year, from 255 to 120.

The cost of providing **mutualised Healthcare**, in its various forms, reached the figure of 12.2 million euros during the year, reflecting a reduction of 6.0% compared to the previous year.

As regards **Temporary Disability**, the expenditure on the provision amounted to 30.0 million euros, an increase of 0.8% over the previous year. The rate of absenteeism in 2015 stood at 4.75%, which represented a 2.0% increase of the rate in the previous year (4.66%).

Those known as **Family Benefits** (Maternity, Paternity, Risk during pregnancy, Risk during breastfeeding and Care of children affected by cancer or another serious illness) have, as a whole, shown a slight decrease in the number of cases processed and, consequently, in the spending recorded (-5.2%).



## INDUSTRY

The MONDRAGON Industry area reached a total sales figure of 5,095 million euros in 2015, 7.4% more than the previous year.

International sales exceeded 3,600 million euros, with a 7.8% increase compared to the previous year. National sales also increased for the second consecutive year (6.4% with regard to the previous year), reaching 1,485 million euros.

Another notable event was the creation of 1,258 new jobs.



- The proportion of international sales of the total reached 71.0%. Along these lines, it is important to emphasise the continuity of the establishment in foreign markets, via the implementation of new productive subsidiaries and important contracts in international markets •

In 2015 **worldwide growth** stood at 3.1%, slightly less than the level of growth of the previous year. The financial year has been mainly characterised by the differences between the major economies.

With respect to the **advanced economies**, the economic situation continues to improve, but very slowly, with growth in GDP recorded at 1.9%, virtually the same level of growth achieved in 2014.

Against this background, the USA also had a growth rate similar to the previous year (2.4%). In the Eurozone, the recovery was as expected, with growth of 1.9%, driven by ECB intervention, the fall in oil and raw materials and the decline of the euro against major currencies. As for Spain, the economic growth has exceeded expectations and stood at 3.2%, 1.8 percentage points better than the previous year.

As for the emerging economies, the growth rate was 4.0%, with unequal performances by country. China, which recorded a growth of 6.9%, continues the trend of the slowdown of recent years. While India grows at a faster pace than the rest of the Asian countries with a rate of 7.3%. On the other side of the coin, Russia and Brazil have entered recession (-3.7% and -3.8% respectively), mainly due to the sharp drop in oil prices, geopolitical tensions and political instability.

In this environment, the **Industry Area of MONDRAGON** achieved a total **sales** figure of 5,095 million euros, 7.4% above the level of turnover reached in 2014.

The recovery of the national market continues to be reflected in **domestic sales**, which have increased for the second consecutive year (6.4% more than previous year), reaching a figure of 1,485 million euros.

The strategic commitment to internationalisation is consolidated, after achieving sales of 3,610 million euros in foreign markets, with an increase of 7.8% over the previous year. Consequently, the **international sales** share of the total has risen to 71.0%. In this area, the continuing establishment in overseas markets is notable, with the launch of new production plants and major contracts in international markets. In this regard it is worth mentioning:

China

- LKS addresses town planning projects in various cities, the development of an industrial park in Kunshan and various industrial plants, as well as the design of trains and equipment for a number of transport lines.
- Fagor Arrasate has signed a contract to supply a blanking line with the Wisco company in China
- Meanwhile, after the corresponding processes of reflection, Fagor Industrial and Orbea decided to close their plants in China.

Ecuador

- Copreci has continued to collaborate with the Government of Ecuador in changing the energy model of this country. It has signed a contract with the country's companies to supply components for induction cookers. This contract has also had a significant impact on other companies in the Components division of MONDRAGON

EEUU

- Danobat accumulated orders worth 15 million euros in the gas and oil sector in the USA through a local firm, Marathon, acquired last year.
- It will also supply two advanced pieces of equipment for the maintenance of railway axles to Greenbrier Rail Services (USA leader in the supply of equipment and services for rail transport).
- Copreci reached the final in the 2015 VESTA awards with its Detect-off system. These awards selected the most innovative companies in the Hearth, Patio & Barbecue industry in the United States and Canada.
- Mondragon Lingua acquired the USA company, Global Word Inc.

India

- LKS strengthened its position in India with major projects: designing sports facilities, activities in the educational, technological environment, the field of transport and renovation of various industrial plants and offices in several cities.

Europe

- Orona strengthens its position in Europe with the purchase of two companies in Paris and London.
- Orbea has acquired new facilities in Portugal to expand its production and logistics volume.
- PSA awards the Best Plant Award for Industrial Excellence to Fagor Ederlan.
- Danobat closed the sale for railway equipment to the British company, First Great Western in the UK.
- The Orkli cooperative acquired 40% of the Italian Valmex, a water exchanger manufacturer.

Morocco

- LKS undertook engineering services and turnkey construction for the expansion of the factory that the Irizar Maroc company has near Rabat.

Mexico

- Fagor Ederlan and Grupo Industrial Saltillo (GIS) form a joint venture for a new plant for machining metal components in the automotive industry for the NAFTA market.

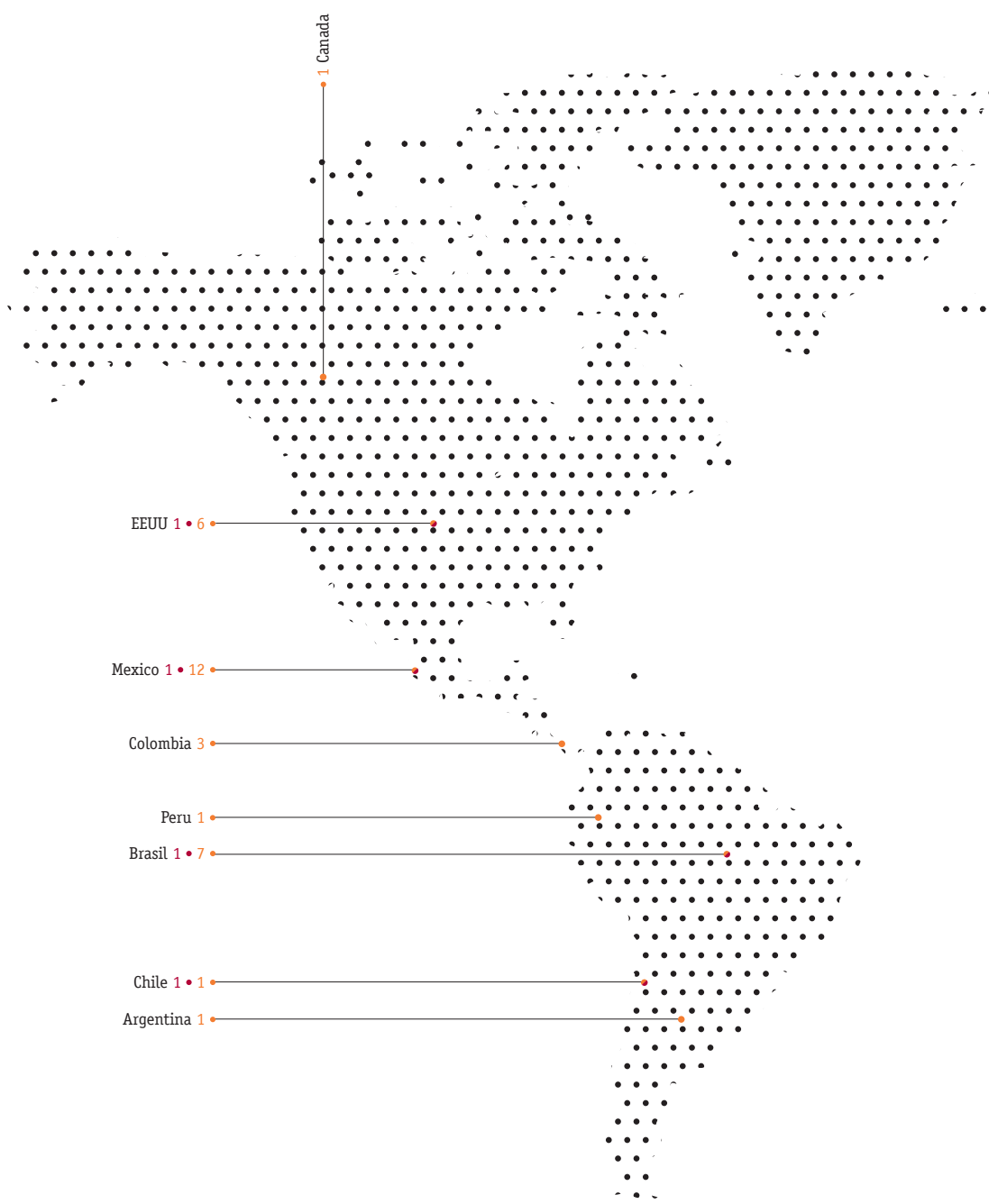
Turkey

- Ulma Packaging maintained its commitment to internationalisation and opened a new subsidiary in Turkey.

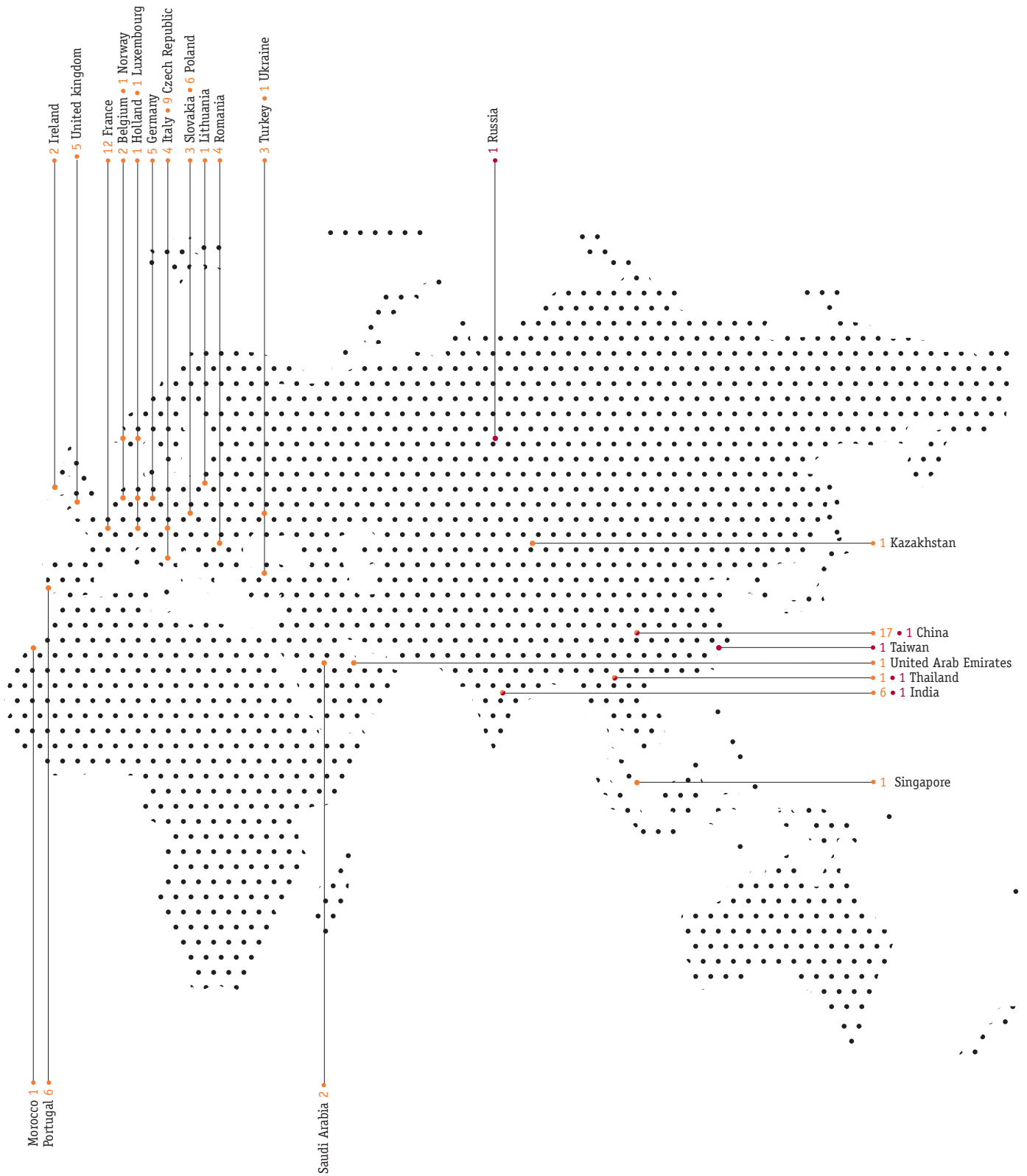
The group also continued to show a high investment capacity, reaching a figure of 317 million euros in 2015.

## INTERNATIONAL PRESENCE

128 Production Plants  
9 Corporate Office



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- For yet another year, MONDRAGON has continued to support innovation. 1,774 people exclusively dedicated to research in the fifteen centres specialised in various technologies, in addition to Mondragon Unibertsitatea and the industrial cooperatives •

Yet another year that MONDRAGON has remained committed to innovation, and as proof of this:

- 1,774 people dedicated exclusively to research in the fifteen centres specialising in diverse technologies, as well as in Mondragon University and the industrial cooperatives.
- 153 million euros devoted to R&D.
- 12% of the sales in the Industry Area during 2015 were products and services that did not exist five years ago.

With regard to the **promotion of new businesses**, MONDRAGON Eko continued with the roll-out of a major survey on industrial opportunities in the energy field. It has continued dynamising the MONDRAGON Wind forum, establishing relationships and facilitating the arrival of new customers and also identifying new areas of opportunity and future trends in the industry.

During 2015 it started up new activities related to Energy Efficiency and performed an analysis of the existing waste flows in the Basque Community, identifying certain trends that could present opportunities for generating new businesses. Lastly, MONDRAGON Eko continued with its task of dissemination in the area of the Green Economy.

With regard to MONDRAGON Health, it has undertaken strategic reflection, committed to further advancing the promotion of new activities that generate sustainable employment, providing social value in health and wellbeing, and the consolidation of an innovative project with the cooperatives with three central areas: wellbeing and healthy communities; humanisation and sustainability of health systems; and industrialisation and transfer of knowledge.

The MONDRAGON cooperatives that provide services to health systems have a turnover close to 100 million euros, highlighting Ausolan, which accounts for 50% of this with food services in hospitals and GSR, which accounts for 25%, with services to the elderly and with more than 600 workers.

Regarding ongoing projects:

Kiro Robotics •————• Has achieved FDA certification, successfully entering the US market with their equipment to ensure clinical safety in chemotherapy.

Bexen Cardio (Osatu) •• Bexen Cardio (Osatu) is refocusing its strategy to include the public spaces market while maintaining its technological leadership in high-end defibrillators.

Bexen Medical (Oiarso) •————• Is expanding its activity, exploring two new business lines, distribution and logistics of biological samples, maintaining its national leadership as a manufacturer of medical nutrition components for single use.

Cikautxo Medical •————• Continues its strategy of specialising in silicone components and catheters for medical use.

Mondragon Unibertsitatea •————• Continues to offer its degree in Biomedical Engineering, with around 100 students in the first three courses.



With regard to **profitability** in the Industry Area in 2015, the Results of last year stood at 260.9 million euros, an improvement of 34% compared to those obtained in the previous year.

With regard to **employment**, the average total staff in the Industrial Area during the year was 32,925, of which 11,796 people were working in factories and offices located abroad. This implies an increase of 1,258 jobs of which 774 have occurred in the national market.

On the subject of **training**, 8.0 million euros have been allocated over the past year for this purpose, divided into various programmes of both a technical and socio-business nature. It is worth noting the Cooperative Training received by 1,120 people, and the Leadership and Teamwork Training received by 610 managers.

In occupational **health and safety**, reducing the accident rate remains a fundamental objective, having achieved 31.36 accidents per 1,000 workers, showing an increase of 2.05 points over the previous year. In this field, it is also worth mentioning that 43 industrial cooperatives hold the certificate for Occupational Hazard Prevention Systems in accordance with the OSHAS benchmark.

Lastly, it remains to comment that in relation to the **social responsibility of the cooperatives** and the concern for the correct conservation of our environment, there are already 72 cooperatives which are ISO-14000 certified for environmental quality.

Below we review the evolution of the various divisions included in the Corporation.





- The turnover of the MONDRAGON cooperatives that provide services to health systems was close to 100 million euros •

## MACHINE TOOLS

Overall, 2015 was another positive year for the DANOBATGROUP, with a record turnover of 271 million euros and a growth of 9.3% over the previous year.

As regards outstanding aspects with respect to markets, it is worth noting the success achieved in the United States, followed by China and Germany. Regarding products, the major effort has been continued in recent years with regard to R&D and with the focus on specific solutions for parts in the selected sectors. This approach has enabled it to position itself as a world leader in certain applications for the aeronautical, railway, oil & gas, capital goods and automotive industries. Also noteworthy is the culmination of several lines with a unique level of automation, the intensive collaboration with manufacturers in the machining process of new aircraft engines and the development of customised solutions for customers that are leaders in their sector.

Also, there has been significant progress in the environment known as "Industry 4.0", an ambitious project for the adaptation of products in order to enable them so they can work in a networked environment, offering new services that make the DANOBATGROUP package more competitive. A new design line has also been launched for machines that will revolutionise the market by incorporating new concepts to address the needs of the operator with improved ergonomics and safety, among other advantages.

## ELEVATION

2015 has been a good year for Orona. With respect to business developments, it should be noted that the management during 2015 was conducted in a scenario of uncertainty, which is here to stay. Slight signs of recovery at a national level and a changing international reality characterise the current situation.

Against this background, with the involvement of the Orona workforce, it has managed to complete a successful year in which sales have reached 611 million euros, exceeding the 600 million barrier for the first time. This year the geographical coverage has been strengthened in those countries where it already has a presence, with an integrated business model, as in the case in Norway and France, which has led to Orona continuing as a leader in the sector. Orona is a consolidated international reality, through its own organisation in 11 countries within Europe and South America and with a worldwide presence via its extensive distribution network in over 100 countries.

In addition, it continues persevering in its efforts towards innovation, based on the conviction that this is the only valid strategy to secure a commitment to the future. In recent years, Orona has been steadily investing 2% of its revenue in R&D&I. In Orona Ideo, the activities that convert this space from a workplace into a place to research, learn and create, are strengthened by the ongoing contact with the closest social environment through Orona Fundazioa. The foundation aims to contribute to the generation of environments open to the business world, academia, universities, research, institutions and society in general, via the people included within it, both individually and collectively (sports and cultural associations, etc.).



## CONSTRUCTION

The group of cooperatives that make up the Division achieved sales of 392 million euros, representing an increase of 18% compared to sales last year, despite the unfavourable environment in the industry. International sales amounted to 255 million euros, an increase of 18% in relation to international sales last year. International sales now represent 65.1% of total turnover.

It is also worth highlighting the achievement of the objectives related to the sizing strategy in some cooperatives of the Division (land purchases for future developments, increased production capacity, etc.), which will enable future business growth and a better overall positioning for such growth.

In addition, the objective of inter-cooperation among cooperatives of the Division has also continued to be developed, in terms of joint procurement and commercial exchanges, with good results and with ambitious objectives for 2016.

## MONDRAGON INDUSTRIAL AUTOMATION

With a turnover in line with the previous year, 2015 has been a positive year for the entire Division, having achieved an increase in the export figure and a good level of profitability. From the point of view of the market, the year has been marked by some general instability, especially evident in Asia and in certain areas of activity. The volatility in foreign exchange has also been intense but, despite this, the three cooperatives in the division have performed well.

Qualitatively, it is worth mentioning the great effort made in R&D, which has allowed further improvement in the positioning of the cooperatives. Thus, in Fagor Automation, the new developments in the Catchment business are allowing entry into new customers of worldwide renown. In Mondragon Assembly, in addition to the strong performance of the subsidiaries, it is worth noting the positive trends in the Solar business; and in Fagor Arrasate, the significant referrals obtained and the strong performance achieved in servo presses are both noteworthy.

## MONDRAGON AUTOMOTIVE SECTOR

The overall balance of the sector is moderately positive, with worldwide sales of 89.1 million vehicles sold and an increase of 2% over the previous year.

Good performance in the European market, where 18.7 million vehicles were sold, but with different trends in Western Europe, which grew by 9%, and Eastern Europe, which fell by 14.6%, mainly as a result of the reduced sales in the Russian market which returned to the levels of 2010.

In North America, record sales were achieved, both in the USA and Canada, with increases of 5.8% and 2.4% respectively on the figures for the previous year. The developments in the industry in Mexico were also remarkable, with market growth of 11% over the previous year.

In Asia, the Chinese market grew by 5.3%, while sales in Japan fell by 10%, a detraction that was offset by a record increase (10.8%) in South Korea. In India, the trend was also positive, with 6% growth over the previous year.

And lastly, the South American market is noteworthy for the dramatic fall in Brazil (-26% compared to 2014), exceeding even the most pessimistic forecasts, and the 6% contraction in the Argentinian market.

In this setting, the businesses integrated in MONDRAGON Automocion ended the year satisfactorily. This is the breakdown of the activities of the three divisions that make up MONDRAGON Automocion.

MONDRAGON Automocion CHP. The Chassis & Powertrain automotive division (CHP) has almost reached its quantitative targets from its 2015 Management Plan, with sales of 706 million euros.

Throughout 2015 there have been important advances in attracting both future projects for local plants and international development (more than 160 million euros).

The latter strategy has been developed primarily by two of the three cooperatives that make up the division: Ecnarro, which throughout the year successfully developed its recent launch in Mexico, and Fagor Ederlan, which signed a strategic alliance with GIS for the commissioning of a plant for machining iron products in San Luis de Potosí (Mexico).

Meanwhile, Mapsa this year sold over two million tyres to customers, with entry into new customers such as Kia.



- The total of the average workforce in the Industrial Area over the year was 32,925, of which 11,796 people were working in factories and departments located abroad. This has implied an increase of 1,258 jobs, of which 774 were within the national market •

The commitment to innovation has made it possible for Fagor Ederlan to acquire a new product of bimetal discs (BMW) and has enabled the development of other new products which will be finally launched on the market next year, such as lightweight aluminium structural parts.

MONDRAGON Automocion CM. The year ended with a growth in sales in excess of 500 million euros, representing an increase of 10.8% compared to the previous year's turnover.

Maier and Cikautxo achieved a good acquisition figure which will ensure the workload in the medium term, provided that the trend in the models and brands is as expected. The results obtained have been very good, well above those planned and achieved in the previous year.

Maier's bid for a global presence in foreign markets intensified this year, expanding the capacity installed in the Czech Republic and taking the first steps for establishing Maier both in Mexico and in China with a number of additional production plants.

Cikautxo, at the end of 2015, completed the disinvestment of Cikautxo in Brazil due to the low synergy of the products manufactured in its Paranoa Joint Venture, ceding the company to its partner to develop its regional project in that area. In the rest of the markets, it continued to successfully complete the objective of the overall serving of its customers. Throughout 2015 it consolidated its presence in India and Nafta, opening up new spaces and increasing its current capacity in Eastern Europe with a new installation in Romania and creating alliances with a partner in South Korea.

Both Maier and Cikautxo have been nominated by their customers as "Best Supplier of the Year" in the components supplied for Toyota, PSA and GM respectively, which confirms

the high degree of satisfaction with the innovative solutions, the efficient operations and successfully supporting the new vehicle launches.

MONDRAGON Tools and Systems. The division achieved a level of sales of 385 million euros, slightly below the previous year's turnover.

Aurrenak maintained the sales level of the previous year, exceeding 28 million euros. For the first time the Mexico subsidiary closed the year with positive results and also closed the first orders, for several years, with BMW.

Meanwhile, Batz closed the year with an increase in consolidated sales, despite the situation in Brazil. The Die business performed satisfactorily, with good uptake and improved results. In Systems, the Mexico and Kunshan projects were consolidated, along with the integration of BLT/FPK. And in Energy, acquisitions have been achieved which will allow the strengthening of its business.

It has been a year of change for Matrici, with the implementation of a new management model aimed at improving competitiveness, positioning and cultural change.

Noteworthy events in MB Systems include the commitment to innovation via the virtual launch and the opening of the subsidiary in Mexico.

Loramendi adapted to the lower global investment in the foundry sector and managed to maintain its exclusive position with leading customers such as GM, BMW and VW.

- As for training, 8 million euros were allocated for this purpose during the last year, distributed among several programmes, of both a technical and sociocorporate nature •

### MONDRAGON COMPONENTS

2015 was a year of strong growth in the sales of the division, which totalled 662 million euros, an increase of 23.6% over 2014.

The factors that led to this significant progress were varied. Firstly, the process of improving the positioning in the large Appliances groups continued, intensifying the relationship with them. Also, the development in components in the area of household gas in Asia has been very prominent, as well as that relating to electronic cooking, with a strong growth in America and Europe. There have also been notable developments in washing solutions and in general in engine components. In addition, the division continued to grow in the supply of electronic solutions for various sectors and this trend will continue in the coming years. Lastly, there has been a remarkable development in the activities related to plastic injection and sensorised solutions for sectors such as wind energy and others.

There continues to be a notable trend among the manufacturers of electrical appliances towards concentration, with new merger/acquisition moves led by major Asian players (Haier, Midea, etc.). There have also been growing movements from the supply side, with a focus on multi-speciality.

In this context, the strength of the Components division is supported by a leading industrial presence in the world, a growing position among the major industry players and a continued development of higher value solutions and systems.

### EQUIPMENT

The division achieved the same level of sales as the previous year, around 300 million euros, with international sales, which now account for 72% of the turnover of the division, 5% higher than those achieved in the previous year. In relation to the overall profitability of the division, the performance was better than the estimates in the Management Plan.

Regarding the evolution of the businesses, a growing progression is observed in all of them, highlighting the positive developments in most cooperatives. The improvement processes in production efficiency implemented in companies such as Eredu, Edefil-Becker, Orbea and Dikar are also very important.

It should also be noted that mccgraphics is carrying out a process of internal transformation and reorganisation to enable improved results in the current year. The positive trend in uptake observed in the last quarter of 2015 means we can face 2016 with a positive trend in the first half of the year which is expected to extend to the full year.



- As for training, 8 million euros were destined to this purpose during the last year, distributed among several programmes, of both a technical and sociocorporate nature in the national market •

**INDUSTRIAL SYSTEMS - ULMA GROUP**

In general terms, 2015 has been a good year, despite the poor performance of some geographic markets, such as Brazil, or the crisis that is affecting raw material markets and especially oil, where the Group has an important position. Despite the above, the ULMA Group achieved consolidated sales of 737 million euros, representing an increase of 8% on the previous year's sales; international sales totalled 540 million, representing 73% of total sales of goods and services. This has been achieved due to the significant efforts made to improve international positioning as well as the commitment to new products and services with higher added value. At the year end, average total employment in the ULMA Group was 4,385 people, of which 2,334 were jobs created in the parent companies of the businesses and the rest in international subsidiaries. The percentage of cooperative members of the total employment in the cooperatives in 2015 stood at around 80%. For 2016, the ULMA Group Businesses maintain their development plans based on international expansion, innovation and new activities. The ULMA Group has projected the sales levels for the year to reach 703 million euros, with the international sales of 535 million being notable, which will account for more than 75% of total Group sales.

**BUSINESS SERVICES**

2015 was a year marked by the change in the general management and the launch of the Divisional Project, focused on the joint commercial activities of the cooperatives in sectors and markets as planned in 2014.

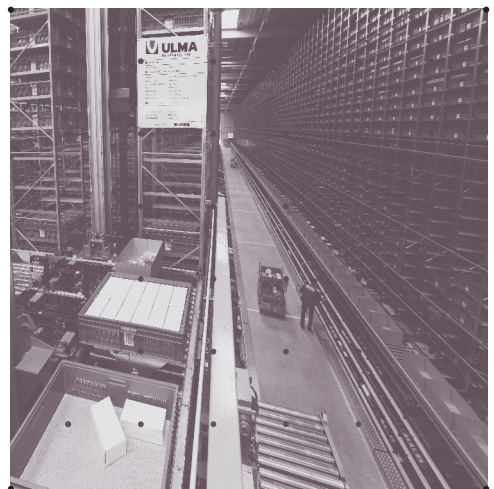
In this environment MEBS (MONDRAGON Engineering & Business Solutions) was created as a combined brand with which to operate in certain projects.

A portfolio of projects and references relevant in the sectors of Construction, Industry-Logistics, Water-Energy and Technology.

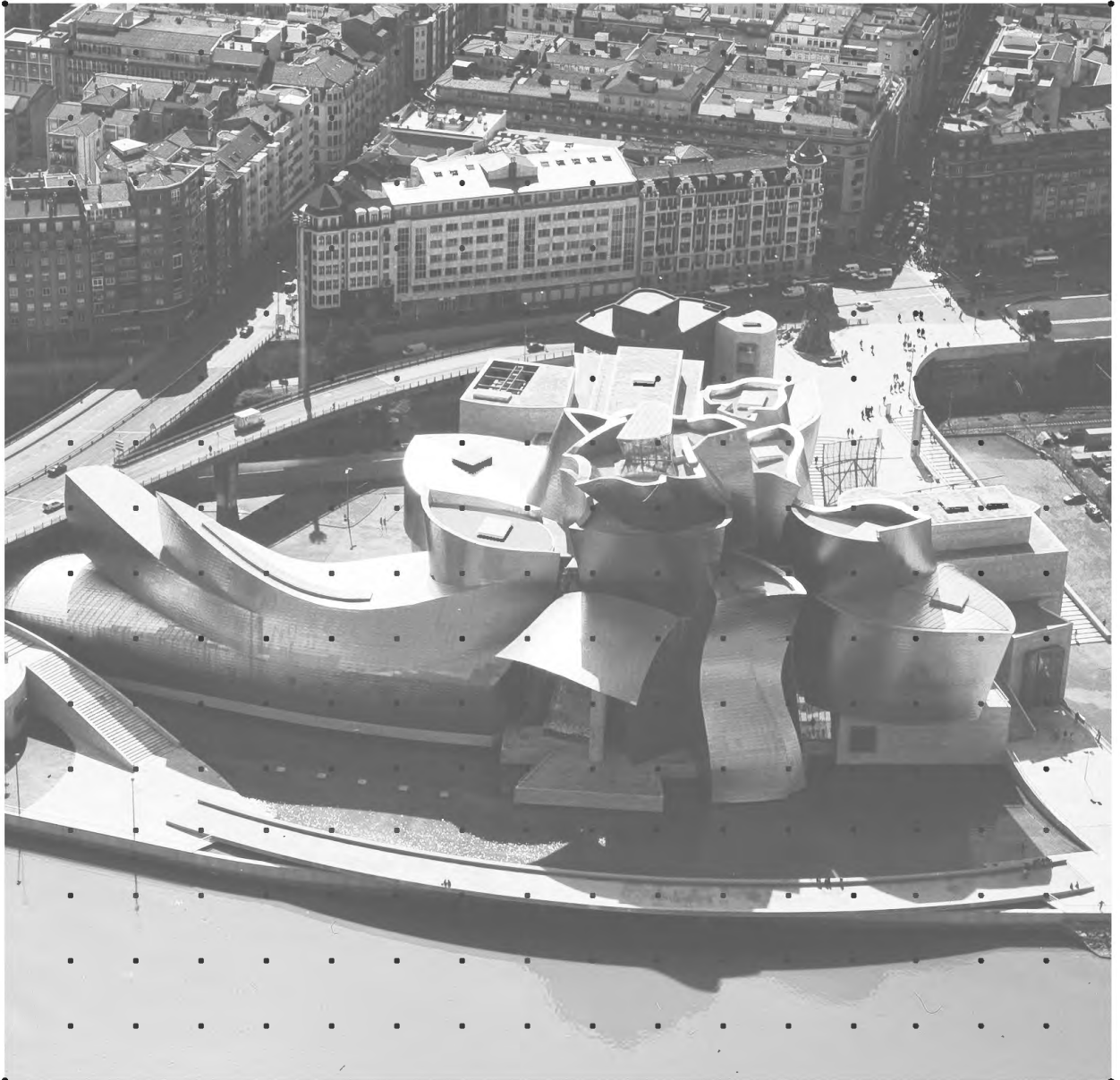
The growing process of internationalisation of the cooperatives has also been continued, with significant actions in Mexico, Peru, Colombia and the USA, among others.

The Division as a whole achieved sales of 160 million euros, representing an increase of 7% over the previous year.

The workforce stood at 1,934 average jobs, 83 more than in 2014.









## **DISTRIBUTION**

This Area is made up of the Eroski Group, the main activity of which is the retail trade with its main company being Eroski S.Coop, and of Erkop, a second level cooperative comprising five cooperatives in the food industry, together with their investee companies.

As a whole, the Distribution division has registered a total sales figure of 6,273 million euros in 2015, which implies a slight drop (-0.6) compared to last year's sales.

- In order to compensate for the effect of the market slack, support has continued to be given to the development of customer linking programmes, increasing the savings transfer to the customer in 2015 to 212 million euros through various offers and special sales, increasingly personalised via their customer fidelity card •

## EROSKI GROUP

2015 was, as in previous years, an economic environment unfavourable to growth, both in general terms and, in particular, for the sector of large retailers. Consumer confidence showed some improvement but did not result in a significant increase in consumption in the food sector.

To offset the effect of the sluggish market, it continued with its commitment to the development of customer linking programmes, increasing the transfer of savings to the consumer in 2015 to 212 million euros via offers and promotions, increasingly personalised through **loyalty cards**.

**Healthcare and wellbeing** of consumers is another major focus of Eroski. During the past year, in addition to further developing its proposal for healthier products, it gave new impetus to the Educational Plan for Food and Healthy Habits (in Spanish, PEAHS), an initiative that aims to provide specific content on balanced diet and active leisure in the curriculum of students of primary schools who decide to join the initiative, and which Eroski launched in 2013. The plan has been extraordinarily well-received by the target audience (the school world) and the data exceeded the already excellent data of the previous school year. In this school year there were over 100,000 pupils, with a thousand schools as members.

**Innovation** remains a constant in Eroski, present in all its activities, from the distribution platforms to the stores, and passing through the products and work teams. The most significant innovation milestone in 2015 was the development of the Zero Consumption Store that will open its doors in 2016 in Vitoria-Gasteiz. The project aims to reduce the environmental impact by reducing energy consumption in stores and by the use of completely sustainable sources.

Throughout 2015, the Eroski Group also continued its **social involvement** work from the perspective of the Social Responsibility of the Company, which is divided between several concepts.

p\_31





p\_32

- 2015 has been another good year for the Erkop cooperatives. As a whole, they achieved a 215 million euro sales figure, with a 4% increase compared to 2014, with all the businesses having closed the year with positive figures •



## SOLIDARITY AND SOCIAL ACTION

It continued with the initiative of the Solidarity Purchase Bag, a reusable bag sold at the symbolic price of one euro, the benefits from which are used to sponsor several social projects supported by various NGOs. So far the Red Cross, Action Against Hunger, Oxfam-Intermón, Unicef and Food Bank projects have been strengthened thanks to the solidarity sponsored by Eroski. The sales of bags have reached a figure of over 600,000 units since its launch.

Within the **concept of solidarity**, the Zero Waste Project continued. This is a project of sustainable development and solidarity that ensures that all the products fit for human consumption which for some commercial reason it has been decided not to sell (a dent in the packaging, the freshness commitment, etc.) reach, in a charitable, free and safe way, groups that are disadvantaged and at risk of social exclusion. This programme has been extended to the entire sales network. During the financial year the programme resulted in the charitable delivery of some 2,000,000 euros of products to several dozen social institutions.

With regard to **profitability**, the Eroski Group closed its accounts with a loss of 61 million euros, representing a 78% improvement over last year's negative result. This result occurred after making provisions for extraordinary impairment amounting to 242 million euros. The operating result of the distribution activity improved by 15% and amounted to 107 million euros and the EBITDA improved by 2% to 240 million euros, confirming the success of the business model, "with you" and the efficiency improvement in the value chain.

## ERKOP

2015 was, once again, a good exercise for the Erkop cooperatives. Together they achieved sales of 215 million euros, an increase of 4% compared to 2014, with all the businesses having concluded the year with positive results.

Regarding Ausolan, in 2015 the Cleaning Unit was launched at a national level as a separate business unit, managed by Sociedad Geslagun. Also, multiple contacts were made in order to strengthen its presence in Madrid, and pathway visits were made to Chile and Mexico to study market opportunities.

Meanwhile, Barrenetxe managed to achieve that 12% of total sales referred to the "diversification" heading, with new local products. There was also an increase in sales outside the Basque Country area and it has consolidated its business relationship with Ausolan.

An important milestone for Behi Alde in 2015 was the completion of dairy quotas and the entry into force of the new CAP (Common Agricultural Policy). Also of note was the increase in fodder production to reduce dependence on purchased fodder. And lastly, in Miba, regarding the feed manufacturers project, the closure of a production plant in Zurbano (Araba) is noteworthy and it is close to working with Piensos del Norte and Ineko.

As a whole, the distribution division ended 2015 with a loss of 55 million euros and a total workforce of 37,800 people, 98% of the figure for the previous year.



## KNOWLEDGE

During 2015 the development of new content continued under the Corporate Innovation Model M4FUTURE, in order to optimise working methods and promote collaboration between the university, research agents and companies.

The “M4FUTURE Expert Programme” was also taught, aimed primarily at technical and R&D managers of all MONDRAGON cooperatives in order to support them in structuring their innovation processes.

Under the framework of the 2012-15 Science and Technology Plan, work continued on collaborative technology development projects in the five innovation areas: Advanced manufacturing, Energy, sustainability and smart cities, Raw material and its processing and Big data, and business intelligence.

- Within the framework of the 2012-15 Science and Technology Plan, work has continued on collaborative technological development projects in 5 innovation areas: Advanced manufacturing, Energy, sustainability and smart cities, Raw materials and their processing and big data, and business intelligence •

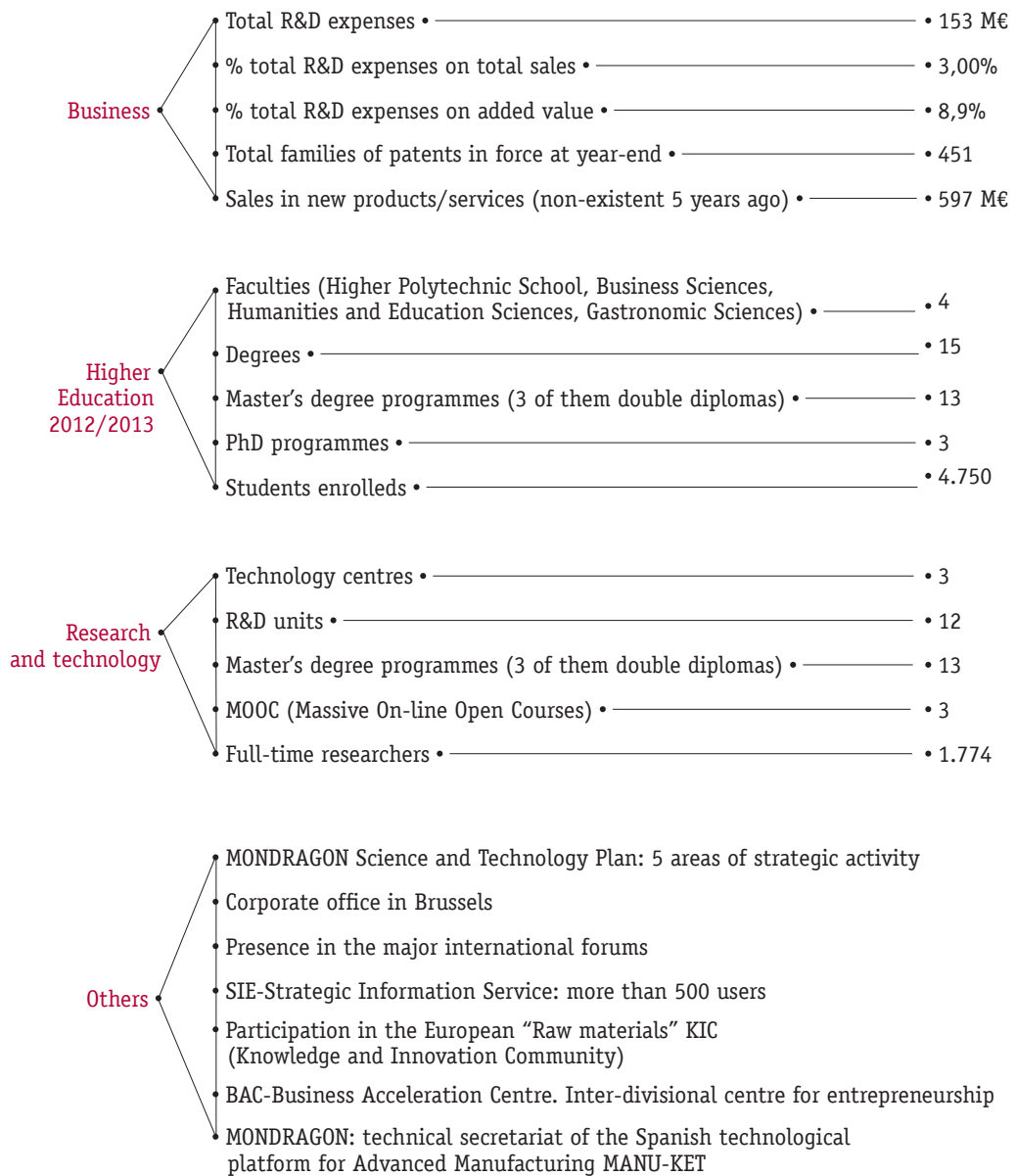
In addition, the MONDRAGON Corporation continued to promote the internationalisation of R&D&I, with the following initiatives being notable:

- The **Corporate Office in Brussels**, from which it launched a new activity of monitoring international tenders, in order to enhance the returns of cooperatives through public demand for European and multilateral agencies.
- Support and participation in the development of **European collaborative projects**, having presented more than 100 proposals to various European programmes (H2020, ECSEL, ERASMUS+, EUROSTARS, etc.).
- Support and participation in **KIC Raw Materials**, with the integration of cooperatives in a network of excellence of over 100 agents from 22 different countries, participating in educational and industrialisation projects.
- Positioning and representation of corporate interests in the future **KIC Added Value Manufacturing**, a future international community in which organisations of excellence will collaborate in the field of advanced manufacturing.

For its part, the BAC - **Business Acceleration Centre** programme, part of the Promotion Centre, worked hard in promoting new business development based on inter-cooperation.

Lastly, MONDRAGON continued to lead the Spanish Technological Platform for Advanced Manufacturing MANU-KET whose mission is to respond to the technological needs generated by future products and services, in which the incorporation of advanced materials, micro-electronics, photonics and nano-technologies require new process, equipment and manufacturing system developments. During 2015, the document "State Analysis of non-technological innovation 2015" was prepared, which identified those non-technological challenges that indicate the interests and strategies of the Spanish manufacturing industry.

**R&D&I FIGURES**



## TECHNOLOGY CENTRES AND R&D UNITS

1. **CIKATEK** is an R&D business unit included in the Basque Science, Technology and Innovation Network (RVCTI), specialising in research, development and innovation of materials, technologies and polymer products (rubber, thermoplastics and TPEs) for the functions of anti-vibration, sealing and fluid conduction. It focuses on three sectors: automotive, appliances and medical.

In 2015 Cikatek developed 22 R&D projects and collaborated in projects, in a national and international environment, working closely with world leading companies in the development of new polymeric materials. Its main areas of research were directed at the new polymeric materials and manufacturing processes with high added value, as well as the design of new products, mostly quick connectors and elements to reduce noise in the engine intake.

2. **CS CENTRO STIRLING** specialised in the generation and efficient use of energy in the home environment, is the business R&D&I unit of the Components Division. It collaborates with companies in a dynamic manner in the conception, design, simulation and testing of various components, mainly for the appliance industry, and is at the technological cutting edge regarding new activities and businesses within its division.

3. **EDERTEK** is an agent of the Basque Science, Technology and Innovation Network (RVCTI), which has recently been re-accredited as an entrepreneurial R&D Unit. It currently employs 36 people, with a turnover of around 5 million euros. Its three areas of technological activity are innovation in materials, in processes and the development of new products. It also has an Advanced Industrialisation Module that allows the manufacture of prototypes in different technologies.

In 2015 Edertek participated in several research projects in collaboration with Fagor Ederlan Taldea companies and other national and international technological agents. Of note is the MEMAN project, within the H2020 framework programme, and which is aimed at the integrated management of the materials and energy flow in the manufacturing processes. As part of the Fast Track to Innovation instrument, it participated in the CORE 4.0 project aimed at developing the Lost-Core technology in the manufacture of new generation closed-deck aluminium engine blocks. Internally it has launched a project linked to the Big Data concept and applied to the HPDC process.

4. **ETIC** is an innovation centre specialising in ICT technologies that enable the creation of new solutions, products and services in the areas of Smart Cities and Industry 4.0.

2015 has been a turning point after several years of contained management plans. ETIC is confident that, with the new Strategic Plan defined in 2014 with specialisation regarding the technologies of Internet of Things, Data Analytics, Business Intelligence and Big Data, new solutions, products and services will be developed in the two major areas of Smart Cities and Industry 4.0. It has continued with the growing trend of participation in multi-year European projects in the two areas mentioned above.

5. **FAGOR AOTEK** dedicated to Automation and Optics, aims to achieve a level of excellence in integrated technologies in the products developed and manufactured by Fagor Automation: numerical controls, regulators, motors and display systems and position feedback.



In 2015, Fagor AOTTEK participated in collaborative research projects such as, among others, Power-OM, a European project under FP7 that seeks to achieve optimisation, based on energy consumption, in reliability, operation and maintenance of machine tools; HHDMM, an integrated CDTI project for the development of a high dynamic hybrid milling machine; INMAQUENER project, from the RETOS-MINECO Collaboration programme for monitoring machine tools; AM.4G projects (CIEN programme) and FATIMA (ELKARTEK programme) for incorporating intelligent modules and Artificial Intelligence techniques in machine tools, following the latest trends of Manufacturing 4.0; ESTRATEUS projects (ETORTEK programme) and BASQUETECH (ELKARTEK programme) in collaboration with the CIC MARGUNE, to develop solutions for monitoring, energy consumption management, inspection and measurement of large parts in machines; EUSK-ADDI and OT-SECURE projects (ETORGAI programme) on additive manufacturing and cyber-security.

6. **IK4-IDEKO** is a technology centre specialising in manufacturing technologies and industrial production for 30 years. In 2015 it achieved 9.6 million euros in revenues, with revenues for collaboration with companies representing 51% and 35% for own research. Due to its research work, the technology centre has 22 active patents and requested 3 new patents in 2015. Regarding publications, IK4-IDEKO has published 11 articles in indexed journals and 9 articles at conferences as well as numerous dispersal articles. IK4-IDEKO has a staff of 96, of which 25% are doctors.

It divides its activity between two buildings which include, besides two prototype workshops of over 2,000 square metres, the laboratories for metrology and ultra-precision processes, dynamics of high-performance measurement systems, composite materials, laser processing and advanced components. It also has a laboratory for verification and inspection and for non-destructive testing (NDT). In 2016, it

will complete its equipment with a new CNC and advanced automation laboratory to meet the new demands that technologies 4.0 have introduced in the manufacturing industry.

Its specialisation in "Advance Manufacturing" materialises in research projects and those demanded by industry on the themes included in its 7 research areas: strategic innovation, machining and production systems, intelligent software, manufacturing processes, dynamics and control, inspection and measurement, and precision engineering and design.

7. **IK4-IKERLAN** is the leading Technology Centre in technology transfer to companies thanks to its continuous adaptation to their needs and its proximity to the business reality. It has developed solutions for its customers since 1974, backed by its expertise in the technologies of electronics, information and communication, energy and power electronics, and advanced manufacturing. These solutions allow its customers to be increasingly competitive in the demanding markets in which they operate.

In 2015, the revenues of the centre totalled 19.4 million euros, with 10.9 corresponding to activities for R&D transfer with companies, 41% with companies of the MONDRAGON Corporation and 7.6 million euros for own research activities.

With its headquarters in Olandixo-Arrasate, IK4-Ikerlan has a workforce of 201 partners and contracted staff, of which 26% are doctors, as well as another 47 people in training. It has 4 head-offices which accommodate its laboratories and research groups, located in Arrasate (Olandixo and



- **MONDRAGON has managed the support and participation in the development of European collaborative projects, having presented over 100 proposals to various European programmes (H2020, ECSEL, ERASMUS+, EUROSTARS, etc.) •**

GARAIA Innovation Centre), Miñano (Alava Technology Park) and Hernani (Gipuzkoa Technology Park-IDE0 Innovation City).

The customer base of IK4-Ikerlan extends to more than 90 companies, in key sectors such as advanced manufacturing, transportation, equipment and energy, among others. In 2015 the centre collaborated with its customers in more than 150 R&D projects, with a significant presence in programmes to boost R&D in companies from the various regional, national and European government administrations.

Under the heading of acquisition and generation of technology, the centre works on 3 lines of research: Technologies of electronics, information and communication, Energy and power electronics, and Advanced manufacturing. In these areas, during 2015, it published 37 SCI articles and 52 conference papers, it kept 34 doctoral theses active and defended 3, as well as signing 3 new collaboration agreements with leading universities at a national and European level.

Lastly, last year IK4-Ikerlan applied for 6 new patents.

8. **IK4-LORTEK** it is a private technology centre for "Advanced Manufacturing" located in Ordizia (Gipuzkoa) and a member of the IK4 Alliance.

The centre works on three main lines of research: Materials and Processes applied to Joining Technologies, Metal Additive Manufacturing based on laser and Industry 4.0 Technologies.

In 2015 the Centre collaborated with its customers in more than 70 R&D projects, with a significant presence in the various government programmes.

Collaboration with companies is still key to IK4-LORTEK and proof of this is that in 2015 the revenues from contracted projects accounted for 65% of total revenue amounting to 4.5 million euros.

Under the heading of scientific production, 18 units were published between SCI articles and conference papers.

In the section on significant projects and at an international level, the TIFAN and CLEAN SKY projects are noteworthy, both from the H2020 programme on "Additive Manufacturing" and aimed at the lightening of titanium aeronautical structures.

Another project worth mentioning is FAMOLD, from the "Etorgai 2015" programme, which promotes the application of metal additive manufacturing technologies in the strategic industries of mould making.

IK4-Lortek maintained the strong growth in its strategic plan and at the end of 2015 its workforce reached 60 people, of which 20% were doctors.

9. **ISEA** is a Technology, Innovation and Entrepreneurship Development Centre, specialised in the Business Services Sector promoted by the Engineering and Business Services Division of MONDRAGON Corporation.

ISEA energises the MONDRAGON Business Acceleration Centre - BAC, an initiative to enhance the processes of launching entrepreneurship initiatives by fostering new business generated through inter-cooperation.

The most outstanding achievements for 2015 include the following:

- The second edition of the Brocante Technology, a meeting point aimed at the coordination among companies and organisations with complementary needs within the framework of launching new businesses.
- The first edition of Etorikizuna Elkarrekin Eraikiz (E3!), a structured process aimed at creating opportunities for unemployed young people.
- Organisation of the MONDRAGON Smart Conference, aimed to raise awareness among the Basque public administrations of the range offered by the MONDRAGON technology centres and companies in the field of the “Smart City” and which received participation from 18 cooperatives and 140 external guests..
- Development of “The new business launcher” methodology for the dynamisation of new business projects and its application to 12 entrepreneurial projects.

10. **KONIKER** is an enterprise R&D unit dedicated to research, development and innovation in the field of forming and assembly. In 2015 the revenue of the centre amounted to 1.5 million euros, of which more than 95% related to projects at the request of industrial companies.

In 2015 Koniker participated in more than 20 R&D projects at a national and international level, working closely with leading companies and centres in the automotive, steel, appliances, energy and health sectors.

Koniker is a member of the Basque Science, Technology and Innovation Network and a total of 25 researchers work at its premises located in Arrasate (Gipuzkoa). Its expertise

in advanced manufacturing materialises in industrial research projects applied to the forming of composite materials, the development of manipulative and transferring elements, the ecological cleaning of steel, the development of advanced functionality for the production and energy optimisation of machines, advanced maintenance via the integration of physical cyber systems and data analysis, and the manufacturing of panels from thin film amorphous silicon, among others.

Koniker is a member of EFFRA (European Factories of the Future Research Association) and EuRobotics (European Robotics Association). It currently has the quality accreditations UNE-EN ISO 9001, UNE 166002 in R&D&I Management and UNE 166006 in Technology Watch.

11. **LEARTIKER** became a mixed associated work cooperative in July 2015 and was accredited as a Sector Technology Centre within the Basque Science, Technology and Innovation Network (RVCTI). Auzo-Lagun, Batz, Cikautxo, Erika, Eroski, Kautenik SL, Maier and MONDRAGON are collaborating partners.

Leartiker has developed 55 projects of R&D&I with companies and has participated in collaborative projects in a national and international environment working with leading companies worldwide in Polymer Technology and Food Technology.

Leartiker Polymer R&D has gone a step further by developing a specific method for the characterisation and simulation of fatigue in reinforced polymeric materials, continuing with its leadership position in this type of methodology.

In the area of 3D printing, through its spin off Mymat, it has launched two new filaments for FDM technology, Ultranylon and Softnylon, with a focus on the industrial market where mechanical and thermal properties are required.

- The BAC – Business Acceleration Centre – programme, part of the Promotion Centre, has worked hard on promoting the development of new businesses based on inter-cooperation •

Leartiker Food Technology has focused its R&D on developing foods with adapted sensory characteristics aimed at specific populations (seniors and children), developing food with innovative sensory characteristics using 3D printing technology and the evaluation of sub-products for obtaining products with higher added value. The development of the GAXURE product is noteworthy.

Leartiker continues to promote health-related projects through its Healthy Unit.

It has also shown a special interest in developing alliances at an international level to enhance relationships with the world leaders in fields of interest for Leartiker and in the development of joint projects.

12. MTC included in the Basque Technology Network and accredited in 2015 in accordance with the new decree on Regulations for the Basque Science, Technology and Innovation Network (RVCTI), is a centre specialised in the research and development of thermoplastic parts and assemblies primarily for the automotive sector.

During 2015 development of the third Technology Plan 2013-2016 continued, focused on “Aesthetics” and new product development.

Innovation, as a means of profitable growth for Maier, was consolidated with the acquisition of major projects based on new technologies developed in previous years, surpassing the annual innovation acquisition plan.

At a relational level, its customer rating has grown regarding the degree of innovation achieved as witnessed in the design centres of most OEMs.

MTC has a special interest in developing partnerships, collaborations and agreements at a national level and especially at a European level, seeking relationship with world leaders within the fields of interest of the Maier business, significantly increasing its presence in European projects of the Horizon 2020 programme.

It is also worth mentioning the development of R&D&I projects in accordance with UNE 166002:2009, for which MTC was the first business R&D&I unit to be certified and for which in 2015 it successfully dealt with the recertification in accordance with the 2014 frame of reference.

13. MIK is a Centre for Research into Advanced Management and Entrepreneurship.

Currently its main areas of expertise are: talent management and worker participation, entrepreneurial ecosystems, advanced strategies for competitiveness and financial diversification.

For 2015 it is worth mentioning the creation, in collaboration with Laboral Kutxa, of the PYME2020 Competitiveness Observatory in which diagnostic activities and advanced experimentation are undertaken in the areas of specialisation of the Centre, with companies from the Basque Community. Furthermore, the research work being done around the new service business models in the context of the Industry 4.0 are also worth mentioning.

- 14. ORONA EIC (Elevation Innovation Centre)**  
More than 150 professionals work in this centre, which offers advanced solutions for the lift industry. EIC includes Ikerlan and Mondragon University among its collaborative partners and is accredited as a Business R&D unit of the Science and Technology Network.

Its objective is aimed at the research and development of intelligent and safe transport systems, with greater energy and social efficiency and better integrated into the buildings.

It works on projects related to minimising energy consumption, intelligent solutions for lift traffic, more efficient controllers, new excellent lift maintenance services and improvement in lift drives.

ORONA invests 2% of its turnover in R&D, making it one of the greatest investors in R&D among European companies.

- 15. UPTC** is a centre specialising in the research and development of technology for the Packaging industry. The centre's research areas focus on issues related to control systems in real-time, motion control, data capture, robotics, artificial vision and hygienic design.

It is actively involved in the development of new Packaging equipment that covers a broad spectrum of solutions, incorporating the latest technology to meet the most demanding requirements of the food and medical device industries, among others.

The current lines of work include concepts such as energy efficiency, reduced consumption of material used in wrapping and operational cost improvements.

## GARAIA INNOVATION HUB

Mondragon Technology Park continues to consolidate as a **community of knowledge and innovation** forming a meeting point between companies, research centres, universities and other parties, in an optimal and different space for the generation and exchange of knowledge and its transformation into new products and/or businesses, with the ultimate aim of creating wealth and skilled jobs.

It pursues specialisation, building on the areas of knowledge that are mastered today (mechatronics, power electronics, process, manufacturing and embedded systems) and evolving into new applications (energy efficiency, electricity storage, health, environment, mobility, etc.). Among its main activities, it acts as an observatory in the identification and definition of projects, in the search for partners and allies, managing infrastructures and offering support services for innovation, it channels entrepreneurial projects and offers differential spaces to potential technology-based companies interested in locating in Garaia.

In 2015 it already accommodated 29 technology-based companies with a turnover of 102 million euros and 837 people of which 455 are dedicated to R&D. Moreover, in 2015 **more than 10,000 people** have passed through its facilities, participating in different types of events and using the different spaces and infrastructures that Garaia offers in its environment.

## SAIOLAN

Saiolan is a Business and Innovation Centre specialising in the promotion and development of new business activities, with its headquarters in Arrasate - Mondragon (Gipuzkoa). Since its foundation in 1985 until now, the challenge addressed by Saiolan is that of contributing to the development of new business activities, profitable and sustainable over time, in order to create jobs with high added value.

Regarding the important aspects of its management during 2015, it is worth mentioning the actions aimed at the **dissemination of entrepreneurship** (with 22 actions and 600 people involved) and the training for entrepreneurs (12 courses for 150 participants were conducted). Also, 26 market research studies, 11 technological development projects and 40 feasibility studies were conducted, of which 21 were from the Ekintzaile-Txekintek Programme.

As for new activities, 9 new companies were established and 6 diversification projects and 7 institutional financing plans were launched. Also in 2015, the DIBI (Debagoieneko Industry Berriztu eta Indartu) project was initiated in order to create opportunities for collaboration between industrial companies and the associated services of Debagoiena in order to work towards the transformation of the region and improve its competitive position through the development of new business activities with high added value that contribute to the prosperity of the region.

Furthermore, using its **International Antena** tool it carried out 5 in-depth studies on innovative technologies identified in countries leading in technology, that were presented to 67 business organisations as part of an innovative technology transfer in the European market and likely to generate new business activities. Lastly, Saiolan currently has 8 companies and 14 entrepreneurs in its incubator.

### POLITEKNIKA IKASTEGIA TXORIERRI

421 students for Professional Training and 559 students for Employment Training, both active workers and unemployed people, attended Politeknika Ikastegia Txorierrri during the 2014-2015 course.

In the international area, 10 students had placements in European companies (Germany, Netherlands, Italy, Ireland and Poland). The centre also participated in 5 projects for the Transfer of Innovation funded through the European Erasmus+ programme. It is also worth mentioning its participation in the Global Training Scholarship Programme, sponsored by the Basque Government's Department of Economic Development and Competitiveness. Politeknika Ikastegia Txorierrri increased the management of the number of scholarships through a partnership with the association of the FP-Hetel, Confebask and Adegia centres. As a result, for the 2014 programme, it was the only centre of reference throughout the Basque Community which managed 49 scholarships, aimed at young people who had completed their higher level Professional Training.

The Innovation and Technological Development was carried out in collaboration with the Basque Institute for Professional Training (Tknika).

In the area for encouraging self-employment, and as promoting partners, it continued its collaboration with the Work-Lan Bizkaia Association, the purpose of which is based on the promotion of social economy enterprises.

Within the framework of the Basque Government's strategy known as "TKgunes Strategic Environments" it has started the implementation of Service to Companies in the field of Advanced Manufacturing. Its area of expertise is the die-stamping and tooling industry. Under the coordination of the Basque Institute for Professional Training (Tknika) a total of 12 consultancy projects for 8 companies have been submitted, with the aim of helping them to improve Production Systems, Technology, Training, etc. and, therefore, their competitiveness.

Lastly, in the context of the alliance with the Cluster-Group of automotive companies (ACICAE), a specialisation course on "Design and Manufacture of Dies for producing sheet metal parts" has been made available.

### ARIZMENDI IKASTOLA

As a summary, some of the most notable aspects of the year are reported.

Regarding the objective of "**Strengthen and expand partnerships**", this has been addressed by projects with the ikastolas in the region (Bergara and Oñati); agreements have been finalised with the Basque Government regarding the agreements and Basic Professional Training; three ikastolas (Orio, Tolosa and San Fermin) have been formed in the "Pedagogy of Confidence" and plans for collaboration with other ikastolas have been established; and a definite cooperation project with MU-Huhezi-Lanki on "cooperative education" has been outlined.

Meanwhile, the structure of parent representatives has been organised and "**KIOSKOA**" has been launched, a new communication tool between parents and the ikastola.

A prospective study of the trend in enrolments and the forecast number of classrooms up to 2020 has also been conducted. And contacts have been established with the Basque Government for planning the negotiations during the next school year.

In addition, progress has been made in expanding the management core in order to optimise its efficiency, and progress has been made on issues of identity, with the launch and dynamisation of a specific forum.

In the educational field, the "Pedagogy of Confidence" proposal is taking shape. The initial training of the ikastola professionals has already taken place and the methodology associated with this proposal has been outlined.

And with regard to the workplace, opinions and contributions have been gathered that will assist in the coordinated drafting of an approach to work.

Lastly, in the area of financial operations, the year closed with a positive balance.

- **MONDRAGON continues to lead the Spanish Technological Platform of Advanced Manufacturing MANU-KET, the purpose of which is to satisfy the technological needs of the products and services of the future** •

### LEA ARTIBAI IKASTETXEA

During the 2014-15 academic year, Lea Artibai Ikastetxea had 18 groups in baccalaureate and vocational training, and it is worth mentioning the volume of students who chose the **Dual Professional Training** programme, which combines school learning with work in a company. This course had 12 participants, with very good results for employability. In addition, two students undertook their Workplace Training abroad with an Erasmus+ scholarship.

Lea Artibai Ikastetxea also participated in three **educational innovation** projects with the Vice-Ministry of Professional Training in the areas of lean manufacturing and lean service in education, for mechanical design and power, which is aimed at improving the skills of teachers and creating materials that can be used in training activities.

In the field of **Training for Employment**, 8,000 hours of training were undertaken for the unemployed and active workers of which nearly 1,800 hours consisted of courses on demand, with a highlight on the lean area and on personal skills and abilities. In this activity it is worth mentioning the high number of work placements managed for the unemployed. Also, the combination of the Training for Employment, the close relationship with businesses in the area and Lea Artibai Ikastetxea's career guidance department as a collaborating centre of Lanbide, contributed to the employment of 100 people.

Meanwhile, the partnership continues with the Chilean government for the programme called "**Technicians for Chile**" aimed at Chilean professionals. The teaching of new specialities has been agreed which will mean an increase in groups next year. The **TEP** (Technology Entrepreneurship Programme) **project** has also been launched together with Leartiker, which aims to train engineers in polymer technology and entrepreneurship, working in a group with people from different cultures to share their knowledge and ways of doing things, participating in the development of projects in various companies.

Moreover, Lea Artibai Ikastetxea completed the process of providing separate legal entity to its R&D&I unit, Leartiker, which in July 2015 was established as a mixed associated work cooperative, as part of the process to obtain accreditation as a Sector Technology Centre in the Basque Science, Technology and Innovation Network.

### MONDRAGON UNIVERSITY

During the 2014-15 course, Mondragon offered 15 degrees in its 6 subject areas: engineering, business management, entrepreneurship, communication, education and gastronomy. As well as 13 master's degrees, 3 of them as double diplomas, in collaboration with French universities and in the field of engineering.

It should be mentioned that the first graduates of the Degree in Gastronomy and Culinary Arts graduated at the end of the 2014-2015 course.

It also offered 27 in-house qualifications, 2 degrees completely online, 9 online adaptation course for degrees, 3 online master's degree courses plus a wide range of continuing education and postgraduate courses for professionals.

One of the most important innovations of this year was the customising and translation to the Basque language of the **Open edX** platform and the design of 3 **MOOC** (Massive Online Open Courses), which were offered from September 2015; Ethical Hacking - computer security (in Castilian) and Keys to the management of cooperatives: Mondragon Experience (in Castilian and Basque).

**Quality** is one of the main objectives of Mondragon University in all its activities. Each year a firm commitment is made to keep improving the quality of its courses, research, management and, in general, the university as a whole. For the 2014-2015 year it is worth noting the following achievements:

- Recognition received by Mondragon University in rankings of recognised prestige such as U-Multirank, where the university was rated as excellent in its research activity, among others, and in its links with its environment, and the ranking prepared by the Valencian Institute of Economic Research and the BBVA Foundation that listed Mondragon University as the best Basque university in the area of innovation and technological development, occupying third place at the national level. In the field of teaching, it lies in third place, along with 5 other State universities.
- 2 Mondragon University qualifications - the master's degree in social economics and cooperative enterprise and the master's degree in business innovation and project management - have passed the accreditation test to renew the official status of its qualifications.

Total enrolment was 4,750 - 3,517 in undergraduate studies, 779 in official post-graduate studies and 454 in post-graduate studies for private diplomas. Among these, 751 were enrolled in the online module.



The number of students who completed final projects was 932 and work placements, both undergraduate and master's, was 819. In the field of internationalisation, 621 students travelled to foreign universities - 15% more than the previous year, of which 30% had placements or did final projects at foreign universities and/or companies. Also, Mondragon had 131 foreign students, implying an increase of 11%.

The development of the MEI-Mondragon International Education project should also be emphasised. It involves direct participation in the methodological design and management of several international higher education institutions. MEI is currently present in Colombia, Mexico and Saudi Arabia, participating in the management of two universities and four vocational training centres.

As regards research, Mondragon had to face yet another year in an environment of recession, notable for the reductions made by the government authorities in investment and support for research and knowledge generation. However, this has not prevented it from further strengthening its research and transfer activities and it has made a significant leap, both qualitative and quantitative, in Europe.

Despite the tightening and reduction of government investment in research programmes, the research activities have continued to strengthen. Proof of this is its participation in over 560 research projects and the transfer activities carried out, which resulted in an increase of more than 30% over last year.

It also published 106 articles in professional journals and presented 148 papers at conferences both at a state and international level. For its part, the University organised 58 conferences and seminars on various fields of knowledge.

In the field of entrepreneurship, it organised the 9th Entrepreneurial Meeting, involving a total of 276 students from Mondragon University and the universities of the MONDRAGON network with 96 projects. During the 2014-2015 course other projects were also addressed such as:

- The MENDEBERRI 2020 reflection process, a profound reflection on the future educational model of Mondragon University.
- The redesign of the Degree in Business Administration and Management allowing implementation of the MyGADE project for the 2014-2015 course. A degree in alternation with a strong in-company practical component throughout the university process
- The restructuring of the Degree in Audiovisual Communication for its implementation in the 2015-2016 course. It has changed from a subject-based teaching model to a project-based model.

## OTALORA

The activity of Otalora, management and cooperative development centre of MONDRAGON, maintained the dynamics of previous years throughout 2015.

In the area of **Cooperative Education** it provided programmes for Governing Boards to 10 groups, and several others for the programmes aimed at Social Boards. In addition, it conducted cooperative education seminars with 190 groups. In this area it also held induction sessions for 11 groups of new members.

In the area of **Management Development**, a new edition of IKAS was introduced, 5 groups were organised on 'Multiculturalism' and the M4Future Corporate Innovation Model programme was given to 3 groups.

Furthermore, in the area of **Cultural Development**, it carried out the survey on organisational culture in 15 cooperatives, the qualitative cultural diagnosis in 4 cooperatives, the definition of the culture desired in 3 cooperatives, the leader profile assessment in 7 cooperatives and the entire cultural development project in 4 cooperatives.

In the area of **Leadership and Teamwork**, a total of 7 groups undertook the Cooperative Leadership programme and 34 groups participated in sessions on the development of conversational skills and teamwork.

In the area of **Cooperative Dissemination**, 29 groups of visitors were welcomed to a day of getting to know MONDRAGON, a total of 18, two to five day seminars about MONDRAGON were delivered and there were 6 conferences at various international events.

Lastly, it is worth mentioning the new edition of the **Forum 400**, aimed at all MONDRAGON managers, and the People Management Forum, aimed at People managers from cooperatives in the Corporation, with 112 people taking part.

-  LinkedIn  
[www.linkedin.com/company/mondragon-corporation](http://www.linkedin.com/company/mondragon-corporation)
-  YouTube  
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