



Mondragon, Social Responsibility & Employee Ownership

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Brief Overview of MCC

- MCC total assets: €27,550 million (12/31/06)
- Total employment: 96,000
- Distribution of Employment generated by MCC: 43.9% Euzkadi; 37.7% Spain; 18.8% international
- 80% employees are co-op members
- 41.9% women
- €34 million in social investments

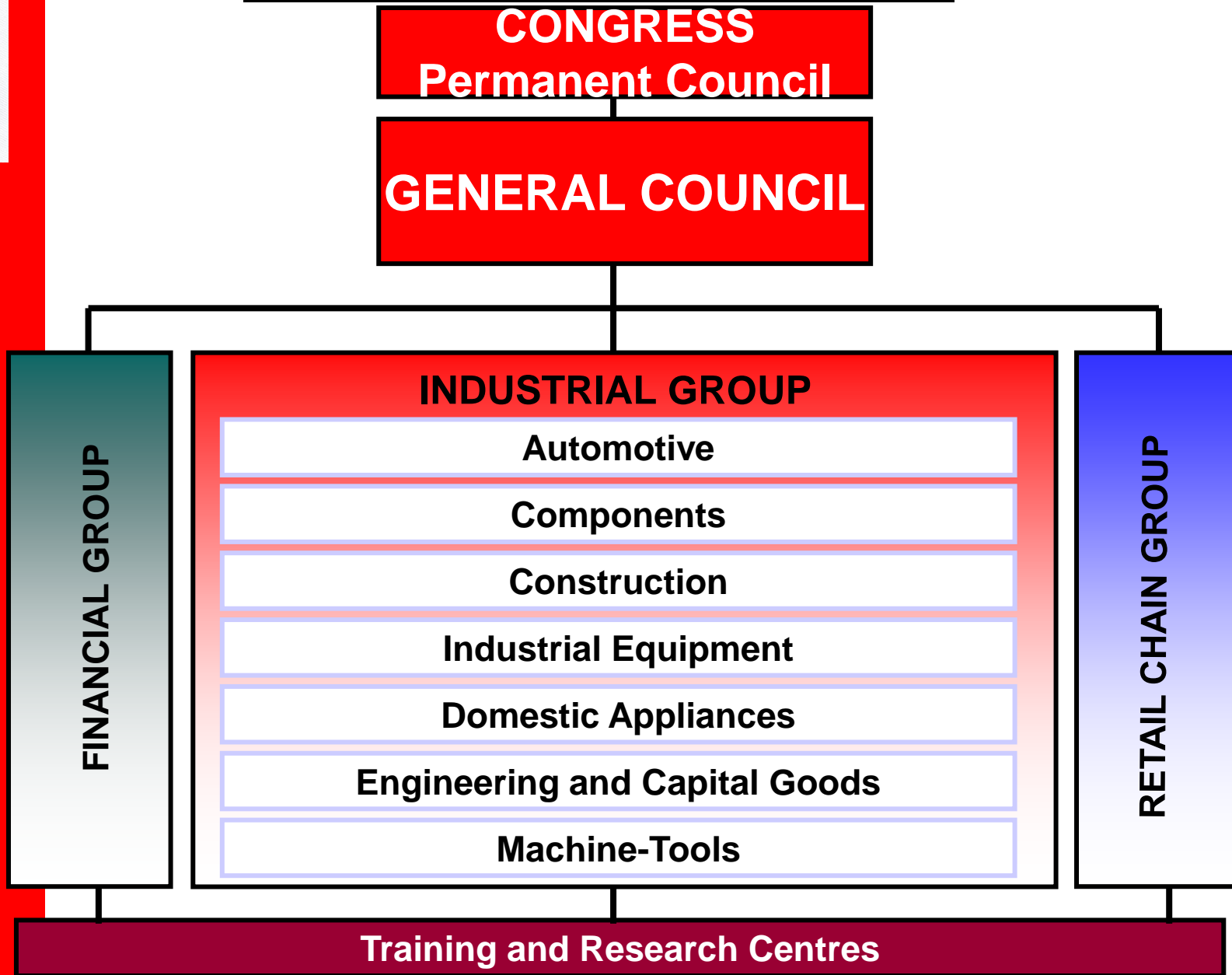


COOPERATIVES WITHIN MCC

•INDUSTRIAL	87
•CREDIT	1
•CONSUMER	1
•AGRICULTURAL	4
•EDUCATION	8
•RESEARCH	11
•SERVICES	8
•TOTAL	120 cooperatives



Structure in MCC





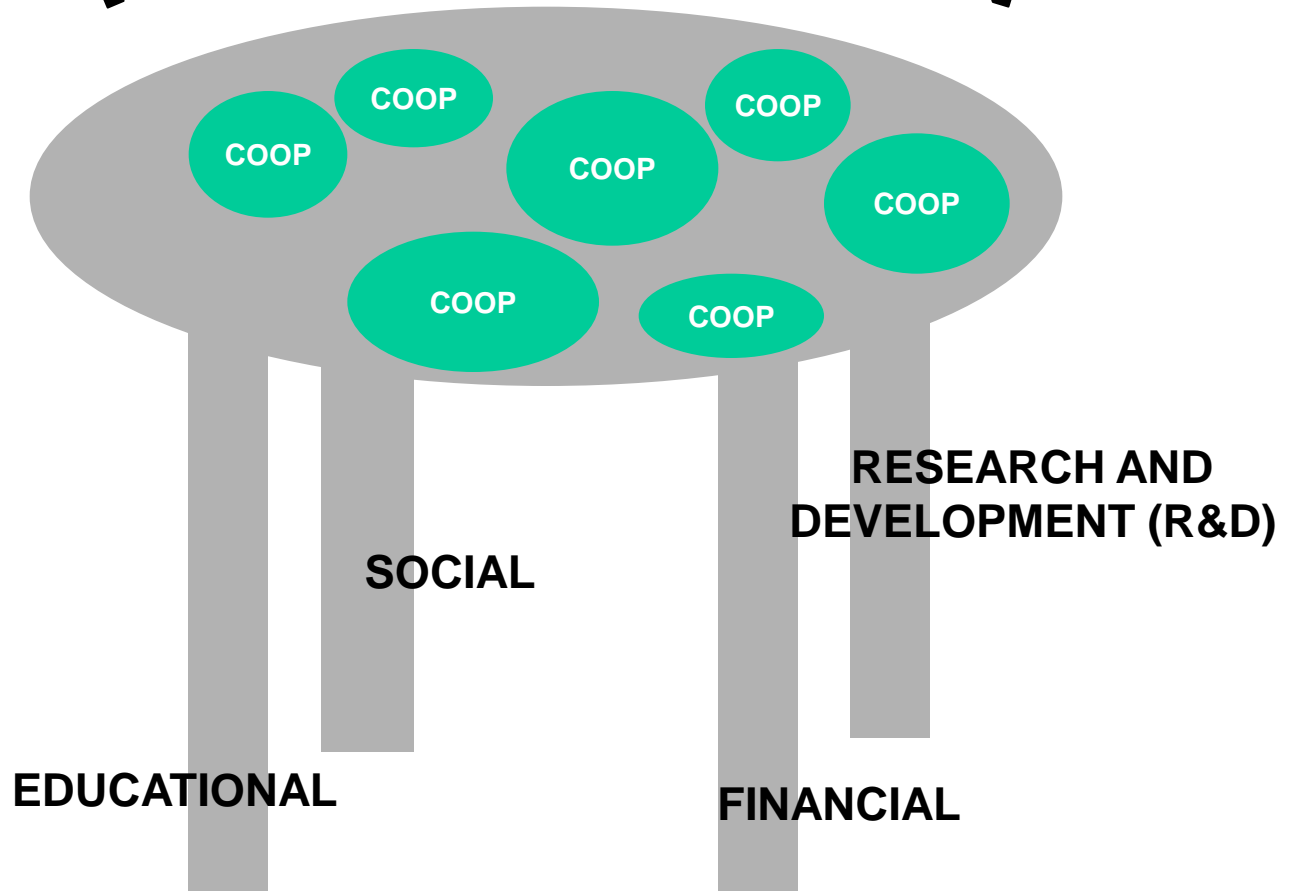
BASIC CO-OPERATIVE **PRINCIPLES**

- 1. Open Admission.**
- 2. Democratic Organization.**
- 3. Sovereignty of Labor.**
- 4. Instrumental and Subordinate Nature of Capital.**
- 5. Participatory Management.**
- 6. Wage Solidarity.**
- 7. INTERCO-OPERATION.**
- 8. Social Transformation.**
- 9. Universality.**
- 10. Education**



MONDRAGON
CORPORACION COOPERATIVA

INTERCO-OPERATION





Internal Forms of Social Responsibility

- Social Councils
- 10% of annual profits to social investments as required in the Basque and Spanish cooperative laws
- Shared profits and losses within the sectoral groups to even out the business cycles impact on earnings and employment
- Recycling of workers
- Own social welfare program



Training & Education

- Cooperatives collaborate and sponsor research , education and training with local universities, in particular Mondragon University.
- MCC has a wide-reaching educational network which includes a number of Vocational Training Centres as well as its own University, to whose development MCC earmarked over 25 million euros: 3 million euros per year for ordinary investments and 10 million euros for extraordinary investments from 2003 – 2008.



Foundations to Promote the Social Economy

- **Fundación Mundukide** promotes cooperatives and sustainable communities based on 3 core values intercooperation, social transformation and solidarity with those who work for the social economy, social justice, peace and development.
 - www.mundukide.org
- The **EZAI Foundation** is a research institute that was set up in 1998 with the collaboration of the [LANKI](#) cooperative research institute to promote public policies in Europe supportive of co-operatives and the social economy.



The Social Economy

- Individual co-ops are members of the Basque Federation of Cooperative (KONFEKOOOP)
- Active participation in leadership of the European Association of Co-operative Groups (ECG)
- Collaboration with the Federation of Associated Work Co-operatives.



CORPORATE VALUES OF MCC

CO-OPERATION

- “Owners and protagonists”

PARTICIPATION

- “Commitment to management”

SOCIAL RESPONSIBILITY

- “Distribution of wealth based on solidarity.
Involvement in the community”

INNOVATION

- “Constant renewal”



Acknowledgements

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MCC Lessons for the US

- Investment of 10% of profits into social investments has created a strong sustainable transition into the knowledge economy for MCC.
- Collaboration, joint ventures and social investments in the social economy have significant potential benefits for our region.

COOPERATIVE CAPITAL FUND

- The Cooperative Capital Fund of New England (CCF) is a socially responsible investment fund that invests in cooperative businesses in the form of "patient capital," or equity-like financing.
- CCF assists the New England cooperative industry to grow and flourish by providing capital that acts like equity without requiring co-ops to give up control over their own management and destiny, as traditional venture capital might.



CCF's Goals

- The goal is to raise \$1 million of investments in this fund plus 15% first loss money (\$1.15 million of capital). Any losses the fund experiences beyond the anticipated loss reserve would be absorbed by the first loss money before impacting the other invested capital.
- Investments in the fund come from the coop community and from socially responsible individuals, faith based and institutional investors, and earn 5% interest annually.



- To meet the capital needs of co-ops CCF makes investments in \$10,000 to \$150,000 in the form of preferred stock, subordinated notes or similar instruments and provide a likely exit for the fund in 5 to 8 years.
- The cost of funds to the co-op is significantly less than traditional venture capital and more than collateralized debt. These funds will have the ability to leverage additional debt for the co-ops.
- The fund is be a separate organization affiliated with [CFNE](#).
- For more information call 1-800-818-7833

