



# 05.2

## SUPPLIERS

THE PROCUREMENT FUNCTION IS AN ESSENTIAL TOOL FOR IMPROVING THE ENVIRONMENT THROUGH ENGAGEMENT WITH SUPPLIERS.

Bankia has specific rules of conduct for the purchasing function, in addition to its own Code of Ethics and Conduct, based on the rules of the International Federation of Purchasing and Supply Management (IFPSM).

These rules are founded on principles such as loyalty and honesty, objectivity in decisions, transparency and equality of opportunity, confidentiality, integrity and independence in relations and corporate social responsibility.

Bankia's purchasing policy opts for diversification among local, national and international suppliers, so as to foster balanced wealth generation.

Transparency in supplier selection, implemented through a system of authorities and delegated powers, so that decisions are escalated as appropriate and are communicated to all the levels involved.

In 2017 the bank renewed its UNE 15896 certification for Value-Added Purchasing Management, the first supranational standard to encourage best business practices at the European level and to recognise excellence in the purchasing function.

This renewal marks an important milestone for the bank, as it is the first financial institution to obtain and maintain this certification, which promotes continuous improvement, minimises risks and ensures respect for sustainability in purchasing management.

To channel relations with suppliers and the procurement of products and services, Bankia has implemented a new tool called "Valora" for managing purchases online and assessing any proposals received.

Units that request a service or product must therefore assess the compliance of any proposals submitted by suppliers in the tender process.

## SUPPLIER APPROVAL

Suppliers must be approved in order to establish a business relationship with Bankia and must obtain a minimum score in the approval process.

The assessment covers environmental, social and governance behaviour, so that the bank only works with suppliers that adhere to responsible management best practices.

Suppliers are required to be compliant with applicable laws and regulations in the jurisdictions in which the bank operates and consideration is given to alignment with the principles of the Global Compact, the Universal Declaration of Human Rights and the fundamental conventions of the International Labour Organization (ILO).

Suppliers that demonstrate commitment to their employees, quality, the environment and human rights are valued more highly and the bank aims to avoid purchasing from companies that have a record of non-compliance with legal, tax, employment, environmental or social obligations.

The approval process also includes an examination of economic, social and environmental risk and suppliers are required to have the appropriate economic risk rating and to provide certain mandatory information.

In 2017, Bankia had 859 approved suppliers and 712 active approved suppliers.

## SUPPLIER CARE AND ACTIVE LISTENING

### **| GRI 102-43**

Suppliers may communicate with Bankia through various different channels:

- The Confidential Whistleblowing Channel, managed by an independent body and open to suppliers, which helps to detect possible breaches of the bank's Code of Ethics and Conduct.

- The Supplier Service Department, which reports directly to the Chairman's Office and deals with complaints, claims and suggestions relating to supplier selection, invoice payment and provision of services associated with supplier contracts.

- Satisfaction surveys, implemented through the Supplier Perception Study, which assesses aspects such as staff friendliness, the negotiation process, flexibility in ordering, and fulfilment of payment obligations. In 2017, 85.7% of suppliers rated their satisfaction with their relationship with Bankia above 7 out of 10.

### **THE NEW SUPPLIER PORTAL**

**In 2017 Bankia introduced a technological solution designed to establish a new style of business relationship with its suppliers, ensuring transparency, impartiality and equal opportunity.**

**The new Supplier Portal simply and securely hosts online all the information Bankia needs for supplier approval and rating and also facilitates participation in the various negotiation processes.**

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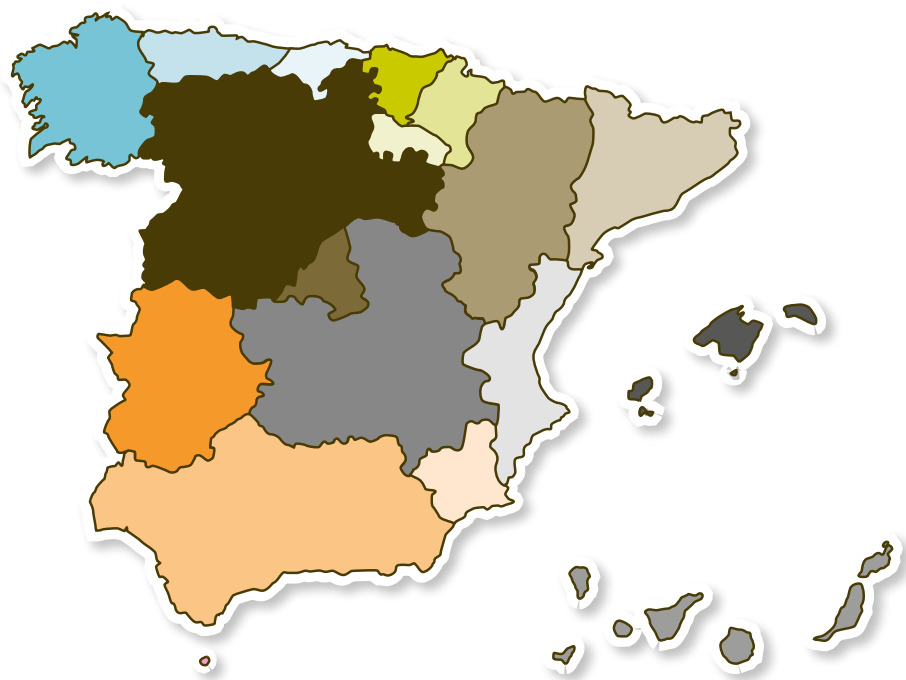
### OTHER ACTIONS

In 2017, the second edition of the Suppliers Day was held at the Bankia headquarters in Madrid, with 300 participants. This event demonstrated the bank’s wish to maintain a relationship of trust and an ongoing dialogue with its suppliers, who are a vitally important part of the value chain.

Bankia sponsors and collaborates with Fundación Aerce (Spanish Association of Purchasing Procurement and Supply Professionals), whose purpose is to channel, publish and disseminate purchasing-related knowledge and research.

The bank also placed among the Top 5 in the 2017 ranking of Ibx-35 companies considered the best companies to work for in their purchasing department, according to a study by CPOnet, the first business social network for buyers and suppliers.

DISTRIBUTION OF SUPPLIERS BY AUTONOMOUS COMMUNITY



- ANDALUSIA 51
- ARAGÓN 10
- ASTURIAS 12
- BALEARICS 15
- CANARIES 54
- CANTABRIA 6
- CASTILLA-LA MANCHA 35
- CASTILLA Y LEÓN 82
- VALENCIAN COMMUNITY 236
- CATALONIA 146
- CEUTA 1
- EXTREMADURA 3
- GALICIA 14
- LA RIOJA 16
- MADRID 807
- MURCIA 17
- NAVARRA 7
- BASQUE COUNTRY 28

**1,540**  
Total active SME suppliers

## SUPPLIER PROFILE

### ACTIVE SUPPLIERS BY SECTOR

Nº ACTIVE APPROVED SUPPLIERS IN REAL ESTATE/ CONSTRUCTION SECTOR **69**

Nº ACTIVE APPROVED SUPPLIERS IN GENERAL SERVICES SECTOR **126**

Nº ACTIVE APPROVED SUPPLIERS IN INFORMATION TECHNOLOGY SECTOR **131**

Nº ACTIVE APPROVED SUPPLIERS IN CONSULTING / AUDIT / ADVISORY SECTOR **106**

Nº ACTIVE APPROVED SUPPLIERS IN "OTHER" SECTOR (ADVERTISING / MARKETING, LEGAL, FINANCIAL INFORMATION SERVICES, ETC.) **280**

### SUPPLIERS BY BILLING

TOTAL BILLING (TOTAL VOLUME OF PURCHASES) **€649,068**

TOTAL AMOUNT BILLED TO SUPPLIERS IN SPAIN (LOCAL SCOPE) **€623,536**

TOTAL AMOUNT BILLED TO SUPPLIERS OUTSIDE SPAIN (OUTSIDE LOCAL SCOPE) **€25,529**

AVERAGE SUPPLIER PAYMENT PERIOD **9.95 DAYS**

PERCENT OF INVOICES PAID WITHIN THE LEGAL TIME LIMIT (LESS THAN 30 DAYS) **99.07%**

PERCENT OF SUPPLIER CONTRACTS MANAGED THROUGH THE E-CONTRACT SYSTEM **95.17%**

*THE AVERAGE SUPPLIER PAYMENT PERIOD WAS REDUCED TO 9.95 DAYS, COMPARED TO 10.45 DAYS IN 2016.*

### APPROVED SUPPLIERS BY CATEGORY

TOTAL Nº APPROVED SUPPLIERS CLASSIFIED AS STRATEGIC **23**

TOTAL Nº APPROVED SUPPLIERS CLASSIFIED AS PREFERRED **97**

TOTAL Nº APPROVED SUPPLIERS CLASSIFIED AS TRANSACTIONAL **739**

### SUPPLIERS CLASSIFIED BY RISK

PERCENT OF ACTIVE APPROVED SUPPLIERS UNDER CSR CRITERIA **100%**

TOTAL Nº SUPPLIERS WITH ECONOMIC RISK **1**

TOTAL Nº SUPPLIERS WITH LOW LEVEL OF ESG INFORMATION **170**

### ACTIVE SUPPLIERS BY SCOPE

ACTIVE APPROVED SUPPLIERS IN SPAIN (LOCAL SCOPE) **698**

ACTIVE APPROVED SUPPLIERS OUTSIDE SPAIN (OUTSIDE LOCAL SCOPE) **14**

### SMES THAT ARE ACTIVE SUPPLIERS

TOTAL Nº ACTIVE SME SUPPLIERS WITHIN LOCAL SCOPE **1,540**

TOTAL Nº ACTIVE SME SUPPLIERS IN THE BANK'S MAIN AREAS OF ACTIVITY **1,295**

TOTAL Nº ACTIVE SME SUPPLIERS OUTSIDE THE BANK'S MAIN AREAS OF ACTIVITY **341**

TOTAL NO. OF ACTIVE SUPPLIERS SMES OUTSIDE THE LOCAL SCOPE **96**