

BANKIA GROUP

Procurement Policy

APPROVED BY

Board of Directors

APPROVAL DATE

26 February 2016



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1. PURPOSE

The purpose of this procurement policy is to facilitate the objectives defined in the Bank's strategic plans by establishing a balanced framework for collaboration between Bankia and its suppliers, which will promote stable business relations and generate mutual benefits on both sides, in line with the values defined by the company.

Bankia places special importance on responsible management and has therefore established a supplier assessment and management system incorporating issues related to suppliers' ethical, social and environmental conduct.

The goal is to work with suppliers that follow best practices in corporate social responsibility. Bankia expects its suppliers to comply with the applicable laws and regulations in the countries in which it operates and places special emphasis on the principles of the Global Compact, the Universal Declaration of Human Rights and the fundamental conventions of the ILO.

2. SCOPE OF APPLICATION AND VALIDITY

This Procurement Policy and the principles of responsible purchasing apply to all companies and employees of the Bankia Group, especially those involved in the procurement of goods and services.

The criteria established in this policy apply from **15 February 2016**, the date on which it was approved by the **Management Committee**, and will be reviewed annually.



3. VALUES

Bankia's commitment to its suppliers is founded on the **values** defined by the company for its stakeholders:

3.1 PROFESSIONALISM

- **Competition between suppliers** for any given purchasing process, to ensure that the organisational unit that submits the procurement request receives the best possible response. Bankia ensures a diversified range of offers from different suppliers in its selection and competitive procurement processes.
- **Independence** of Bankia employees, who are expected to adhere to the professional standards established in the Bank's internal supplier selection and certification procedures, in line with the objectives of this policy. Purchases of goods and services must be decided completely independently of any personal, family or economic ties that might cast doubt on the fairness of the decision criteria, all in accordance with the Code of Ethics and Conduct and the specific rules of conduct for the procurement function.
- As a certified entity, Bankia must act in accordance with the standards set by the **UNE-CWA 15896 standard for value added purchasing management**, which unifies work procedures and defines conduct criteria to guide purchasing managers towards excellence in management. The UNE-CWA 15896 standard is based on European best business practices. Compliance with this standard adds value to the company and provides assurance that purchasing operations respect environmental, ethical and sustainability criteria.



3.2 INTEGRITY

- **Transparency** in supplier selection, implemented through a system of authorisations and delegated powers, to create a standardised decision-making process based on different stages and transparency about all of the levels involved. To ensure mutual trust and competitiveness between suppliers, Bankia discloses details about its existing procurement policy and supplier certification policy, always subject to proper data protection and confidentiality.
- **Ethical and responsible conduct** in dealings with suppliers, showing honesty and respect for people and for social and environmental values. In their relations with suppliers, Bankia employees shall comply with the company's Code of Ethics and Conduct at all times. Steps shall be taken to ensure legal compliance in all areas. General procurement conditions shall not include abusive clauses that are contrary to good faith or to a fair balance between the rights and obligations of the Bank and the supplier.
- **Objectivity** in decision-making based on established selection criteria. Procurement shall be subject to objective, carefully considered and internally auditable criteria.

3.3 COMMITMENT

- **Diversification** of business between suppliers at local, national and international level, to encourage balanced wealth generation and equal opportunities. Each year Bankia will seek to add an appropriate number of new suppliers.
- **Corporate social responsibility (CSR) requirements**, to ensure that Bankia's suppliers give proper consideration to CSR. Favourable consideration will be given to suppliers that demonstrate the following:
 - A commitment to product and service quality assurance, environmental protection, information security, innovation and R&D.
 - A commitment to their own organisation and therefore to their employees, through measures aimed at raising the levels of awareness, training, health and well-being of employees through workplace risk assessments.

- Specific actions in the field of CSR, recorded and reported in an audited annual CSR report.
- Adoption of and respect for the main standards in employment and industrial relations, such as the ILO's fundamental conventions (fair employment practices, right to organise and collective bargaining, prohibition of forced and child labour, and non-discrimination in employment) and any other treaty, convention, guideline or standard issued by an international body.

Bankia will avoid purchasing products or services from suppliers that are known to breach legal, tax, employment, environmental, health and safety or human rights obligations.

3.4 CLOSENESS

- Maintenance of a **relationship of trust** and ongoing dialogue with our suppliers, through supplier-accessible account managers, responsible for guiding business relations towards a state of mutual collaboration.

3.5 ACHIEVEMENT ORIENTATION

- The search for efficiency is imperative in financial services and the purchasing of goods and services must therefore adhere to the principles of need, suitability and austerity in expenditure. Bankia shall provide its buyers with the appropriate applications and systems to be able to achieve their targets and results.
- Best purchasing results are achieved by centralising the procurement function for the Bank as a whole, planning the function's activities and constantly reviewing purchasing processes and procedures.

4. RESPONSIBLE PURCHASING: PRINCIPLES

In its relations with suppliers, Bankia assesses and controls any risk that may arise from its supply chain. To do this it has developed a global procurement model based on responsible criteria, which are set out in the following principles:

1. Ensure **continuous improvement of the procurement process**, based on the principles of corporate responsibility.
2. Stimulate demand for **socially responsible** products, services and projects.
3. Establish a **single procurement procedure** for all Bankia group companies in order to optimise the impact of their purchasing decisions on the societies in which they operate.
4. Provide **comprehensive, accurate and transparent information** in the procurement process.
5. Ensure all parties involved comply with applicable legal requirements in relation to **human, employment and environmental rights** and participate in efforts to **prevent corruption**.
6. Ensure that supplier selection and certification processes comply with the applicable internal regulations at any given time and, in particular, with the **corporate values, management style and Code of Ethics and Conduct** for employees.
7. **Appropriately monitor any suppliers** that are used, to verify compliance with CSR commitments.
8. **Raise awareness about CSR** among all those involved in the procurement process (regulations, disclosure, training).
9. Ensure **consistency** between Bankia's responsible purchasing principles and its other policies.
10. **Commit** to its suppliers in managing the financial, social, environmental and governance issues that arise, and collaborate with them to improve their performance and ensure compliance with these principles.

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