



04

SUPPLIERS



Suppliers are important to BME as they help the company carry out its activities by providing equipment, technical assistance and necessary supplies.

Therefore, BME has an organised system to contract and manage the services of external suppliers, the Sistema de Autorización de Pedidos (SI3). This system covers the initiation, approval, budgetary control and payment stages, all with a view to sustainability.



SUPPLIERS

The SI3 enables the company to improve its purchasing processes and ensures that the goods received from the various suppliers meet its high quality and service standards.

The procedure for contracting external services features a registration and evaluation tool in order to assess the level of quality of the products and services received from each supplier. This process:

- Optimises external service costs;
- Establishes an evaluation process of the suppliers' level of compliance, and focuses on reviewing those suppliers posing the greatest risk due to volume or the impact on business;
- Entrusts the legal department with reviewing all trade contracts entered into;
- Encourages ongoing contact with services suppliers, leveraged on knowledge and past experience. This way relations with suppliers are managed directly by those in charge at each company, business unit and corporate area within BME which requires the product or service;

- Establishes supplier payment control mechanisms once the order has been evaluated;

Correct management of this control mechanism is borne out by the fact that, *inter alia*, in 2014, the company was named by the Multisector Default Platform as one of the leading IBEX35® companies to pay its suppliers within the legally-established deadline.

In 2014, all our suppliers were paid within the legally-established deadline in compliance with prevailing legislation to combat late payments in commercial transactions. The average payment period in 2014 was 31 days.

The company's corporate commitment to environmental and social responsibility extends to its supply chain and as such requires that its suppliers comply with the principles of legality, ethics and labour and environmental responsibility in the performance of their respective activities. To this end, all new suppliers are required to sign a statement undertaking to comply with their contractual responsibilities.

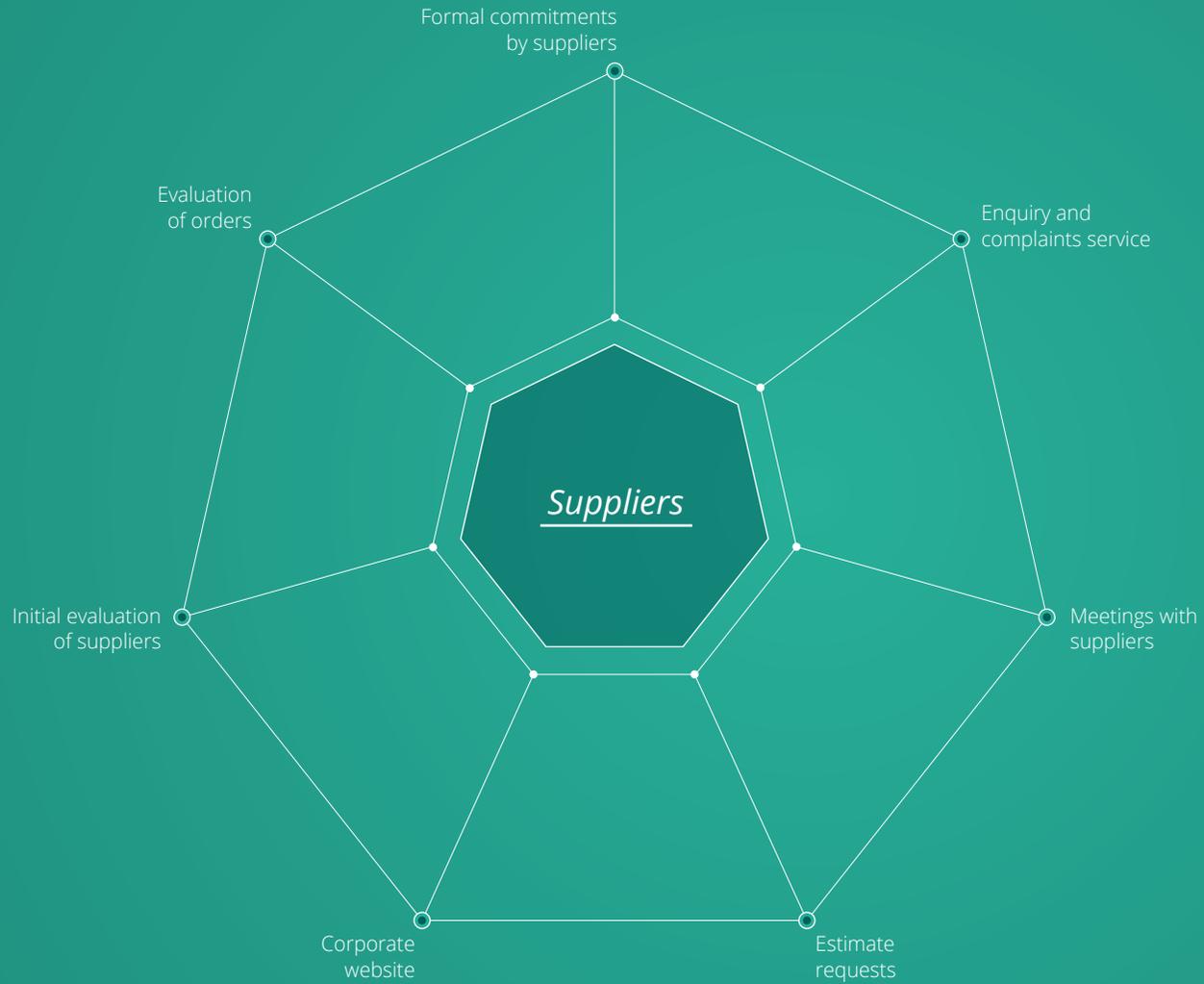
Supplier evaluation process

In order to optimise the management of suppliers with responsible criteria, SI3 carries out an initial assessment of the level of compliance of new suppliers and with whom BME has placed an initial order worth in excess of €10,000 or where the products or services are deemed critical or represent a high risk given the direct impact they have on BME's activities or services rendered to its clients. These companies are also required to hold social and environmental accreditation.

Following the standardisation and initial assessment, registered suppliers are continuously monitored to ensure that the quality of their supplies is maintained and complies with established requirements, using the following procedures:

1. Evaluation of all goods delivered and services supplied;
2. Detection, recording and follow-up of any incidents, delays or claims occurring;
3. Each supplier is reviewed annually based on the evaluations made after each delivery and any incidents occurring during the delivery of the goods or the rendering of the services.

Communications Channels





SUPPLIERS

4.2. BME'S SUPPLIERS.

NUMBER OF SUPPLIERS

	2012	2013	2014
Local suppliers	1,308	1,259	1,255
Non-local suppliers	124	139	136
TOTAL	1,432	1,398	1,391

REVENUE FOR SERVICES SUPPLIED BY EXTERNAL SUPPLIERS

	2012	2013	2014
Local suppliers	99.92%	99.88%	99.93%
Non-local suppliers	0.08%	0.12%	0.07%

In 2014, 114 new suppliers from different sectors were registered for evaluation. As part of the monitoring policy, 290 suppliers were evaluated and 1,305 order surveys carried out, all of which were rated positively.

The majority of the company's suppliers are local, i.e. they are from the same area where the purchase, service and invoicing are carried out.



4.3. QUALITY STANDARDS FOR GOODS AND SERVICES.

In 2014, BME maintained the quality standards for certain services or goods established in previous years.

For the *technological assets* important for BME's activities, where IT equipment must be updated regularly and always be at the forefront of technology, the company uses suppliers whose products are guaranteed with the ENERGY STAR label.

ENERGY STAR 5.0-tagged computers feature an energy savings mechanism that automatically disconnects the machine when not in use, helping to slash energy consumption (by up to 40%, according to the

manufacturer) and ensure that computers perform better and last longer.

Also, for *office supplies* such as paper the company works exclusively with suppliers who respect the environment. Manufacturing processes at BME's paper suppliers therefore meet the quality and sustainability standards contained in ISO 14001:2004 and OHSAS 18001:1999.

Although it may appear less important, the coach operator used by the company holds certificates issued by Madrid's Chamber of Commerce and Industry veri-

fying that it complies with UNE-EN ISO 14001:2004 standards for environmental management systems and with UNE-EN ISO 9001:2008 standards for quality systems, which contain guidelines for best environmental practices and waste management, respectively. It also holds the Company and Coach Safety Certificate, boasting a good level of Road Safety and Transport of Persons in accordance with the criteria contained in the CSEAA-INSIA certification procedure.



With the shareholders in mind



The company's pay-out is one of the highest of the stock market.



We have the best ratios in the sector



We beat our competitors in terms of ROE, efficiency ratio, leverage and soundness of balance sheet.

