

Code of Conduct for Suppliers

BANCO POPULAR GROUP



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1. INTRODUCTION

Banco Popular Group, in line with the growing concern over how best to lay the foundation for ethical principles and human rights in the activities of business enterprise and within the territorial scope of its operations, agreed on December 22, 2005 to manifest, at the proposal of its Chairman, its decided support of and commitment to the principles contained in The Global Compact on Human Rights fostered by the Secretary General of the United Nations in 1999.

In compliance with the aforementioned commitment, Banco Popular Group has approved this Code of Conduct, the purpose of which is to guarantee that its suppliers carry on their business activity respecting the stipulations of The Global Compact.

Several basic lines are established herein. Banco Popular Group invites its suppliers to foster sustainable development, human rights, labour regulations and environmental protection.

2. THE GLOBAL COMPACT

The United Nations Global Compact is an ethical commitment initiative aimed at businesses assuming as an integral part of their strategy and operations ten principles of conduct and action in the areas of:

▪ Human Rights

- Businesses should support and respect the protection of internationally proclaimed fundamental human rights in carrying on their business and within their sphere of influence.
- Make sure that in their businesses they are not complicit in human rights abuses.

▪ Labour Standards

- Support the effective abolition of child labour.
- Support the elimination of discrimination in respect of employment and occupation.
- Support the elimination of all forms of forced and compulsory labour.
- Support the freedom of association and the effective recognition of the right to collective bargaining.

▪ Environment

- Support a precautionary approach to environmental challenges.
- Encourage initiatives to promote greater environmental responsibility.
- Encourage the development and diffusion of environmentally friendly technologies

▪ Anti-corruption

- Work against corruption in all of its forms, including extortion and bribery.

3. SCOPE OF APPLICATION

Suppliers of Banco Popular Group must abide by the laws, regulations and other provisions applicable to them in carrying on their business. This is the point of departure of all principles of this Code.

This Code of Conduct forms part of all commercial contracts entered into between the Banco Popular Group and its suppliers, who shall accept the observance thereof. They shall also see to it that their subcontractors abide by its provisions. Furthermore, they shall implement all appropriate measures to guarantee that the contents thereof are transmitted to their employees.

4. BANCO POPULAR GROUP VIS-À-VIS ITS SUPPLIERS

The Group bases its supplier relations on ethical principles and sound practices which, in respecting the interests of both parties, make it possible to obtain the maximum level of quality and competition in products served and in services rendered.

Only offers from approved suppliers who abide by all legal obligations, that enjoy an impeccable business reputation and who, in general, abide by socially responsible conduct, shall be contemplated.

Bidding, adjudication and procurement processes shall be transparent and open, striving for the participation of a sufficient number of businesses so as to guarantee the variety of the offer.

Selection shall be made on the basis of strictly objective criteria, thus avoiding any type of interference which could affect the obligation that the Group's interest take priority.

5. RESPONSIBILITY OF SUPPLIERS

▪ Human Rights

The respect and guarantee of human rights are not only the responsible of States but rather, by virtue of the commitment assumed by The Global Compact, they are also the responsibility of business enterprises; who, apart from respecting the Law, shall assume the respect thereof as an integral part of the essential nucleus of their values and culture.

Enterprises, in carrying on their business, can guarantee human rights by providing safe and healthy working conditions, allowing the exercise of freedom of association, banning discriminatory practices or by not employing child or compulsory labour.

▪ Child Labour

Child labour is a scourge that affects not only developing countries but is also present, albeit to a lesser extent, in developed nations. The minor is deprived of his right to education, to his childhood and his dignity. At the same time, society loses

the opportunity of counting on in the future qualified human resources that contribute toward its development.

Suppliers shall not employ child employees, taken to mean minors not of the minimum legal age to start working and younger than the sufficient age for concluding basic compulsory education.

With respect to hiring youth workers, the provisions of the law shall govern, especially as regards jobs permitted, intensity of duties and work schedules.

▪ **Discrimination**

To discriminate means to give a treatment of inferiority to a person or group of persons based on reasons of race, sex, creed, national or social origin, political opinion, physical or mental handicap.

In the labour sphere, it entails a serious violation of fundamental human rights to deny equality of opportunities to job-seekers or apply to employees different contractual conditions (salary, work schedule, training, etc.) based on any reason not related to their professional capacity.

Banco Popular Group recognizes and respects cultural differences, and evaluates its employees in consideration of their qualification, skills and attitude towards work. Consequently, it will value positively that suppliers firmly avoid the matter of discrimination, that they establish equal opportunity programs and contemplate procedures for eradicating discrimination at work centers or within their sphere of influence.

▪ **Labour Standards**

Suppliers' employees have a right to a dignified salary and, at least, to the minimum salary established by law. Likewise, they may take advantage of sick leaves or leaves for other causes recognized by applicable law, as well as the remaining benefits which are legally obligatory.

They may freely exercise their rights of association, organization and collective bargaining, without any interference that may serve to condition or restrict them.

Employees are entitled to dignified and respectful treatment and may not suffer any type of accostment or intimidation.

▪ **Health and Safety**

Suppliers shall provide their employees with a safe and healthy work environment that complies with all applicable laws and regulations. It shall make available to its workers adequate individual and collective protection measures.

Banco Popular Group shall value positively that its suppliers implement labour risk prevention and safety and hygiene programs.

▪ **Environment**

The supplier shall respect environmental protection laws, striving:

- to reduce noxious emissions and waste;
- to safely handle, store and eliminate hazardous wastes;
- to contribute towards recycling and reutilization of products and materials employed;
- to diligently correct any error which harms the environment; and
- to use environmentally respectful technologies .

▪ **Corrupción y soborno**

It is prohibited to offer, promise, give, solicit or demand bribes or any other type of payment outside of the contract in order to obtain or preserve business relations, nor may suppliers benefit from them.

6. COMPLIANCE AND SUPERVISION

Banco Popular Group shall give preference to those suppliers who demonstrate their commitment to the principles of this Code by accepting to abide by the same as a contractual requisite, and reserves the right to rescind the contractual relationship with those suppliers who systematically breach the said Code.

Likewise, the Group reserves the right to supervise its suppliers in order to verify compliance.

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¹ (*) El presente documento ha sido revisado con fecha 18 de abril de 2012.

If you need any clarification or have any suggestion or opinion regarding this report,
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