

How do we share our ethical and social concerns with our suppliers

Purchasing and Contracting Division



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Repsol. Purchasing and Contracting Division. 2015/04/23.

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- Security passport in gas stations
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Purchasing processes

Diagramme



Supplier pre-qualification questionnaire

Identification details

Intro company details

Company*

Web Address*

Company name*

Activity start date*

Identity document

Other: **Ethics and conduct code for suppliers**

Identification number*

Head Office

Contact details

Financial information

Goods and/or Services to Register

Business Unit and Country of interest

References

Obligatory fields*

Refer to

Qualification Questionnaire according



to Criticality:

- ✓ Very Low
- ✓ Low
- ✓ Medium
- ✓ High

- Entrepreneurial + Eco-Fin
- Mgnt. Systems (Q,S,E)
- Technical
- Ethics and Human Rights

Qualification Audit: Mandatory for High

Valid for 4 years maximum



General purchasing and contracting conditions



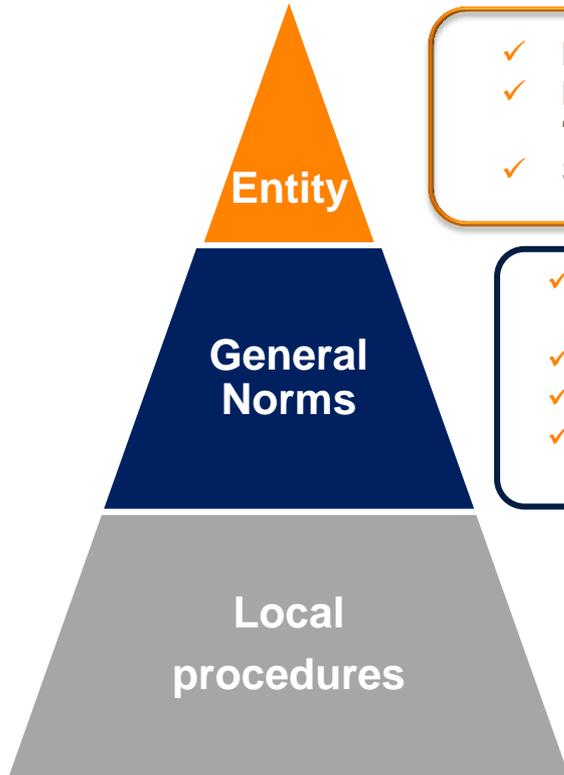
- Management
- Quality
- Safety
- Environment

Mandatory for High



Purchasing processes

Internal Regulations



- ✓ Norm "Ethics and Conduct of Repsol employees"
- ✓ Policy "Anti-corruption" Policy "Respect for Human Rights" Policy "Health, Safety and Environment"
- ✓ Suppliers Ethics and Conduct Code

- ✓ Policy "Contracts and Purchases" and Norm "Procurement and Contracts Management"
- ✓ Norm "General Conditions for Purchasing and Contracting"
- ✓ Norm "Supplier Management"
- ✓ Procedures "Supplier Qualification", "Supplier Performance Assessment" and "Supplier Development"

Purchasing processes

Qualification (data 2014)



Qualification requirements	Criticality			
	Very Low	Low	Medium	High
Identification data	Yes	Yes	Yes	Yes
Qualif. Questionnaire	No	Simple	Advanced	Advanced
Technical Validation	No	Yes	Yes	Yes
Qualification Audit	No	No	No	Yes
%Suppliers	76%	7%	11%	5%

4,207
qualified
suppliers

19,692 active suppliers

Exceptional acceptance procedure

- Reputable suppliers
- ad-hoc analysis (large projects)

28% Volume

1,488 qualification processes

Companies in bankruptcy are considered as "Not qualified" instead of "Disqualified" to help them participate in tenders

State	# suppliers
Qualified	1,122
Not qualified	354
Disqualified	12

- 334 Economic downturn
- 14 Bad technical valuation
- 4 Insufficient valuation
- 1 accident documentation
- 1 others
- 8 Breach of contract
- 1 Unusual contracting
- 3 others

Purchasing processes

Audit (data 2014)



Qualification Audits

- ✓ Mandatory for High criticality
- ✓ Average: 140 audits/year

- Same aspects as included in Qualification Questionnaire
- +
 - Interviews with employees
- +
 - Technical audits (on demand)

“Ethics and Human Rights” audits

- ✓ Mandatory for suppliers whose combination of :

Goods and services
+
Country of origin

**High
Reputational
Risk**

Specific of:

- Labor Rights
- Corruption and bribery
- Supply Chain Management
- Security suppliers Management
- Environmental Management

4 “Ethics”
audits to
suppliers of:

Ecuador	Personnel Protection
	Cleaning Services
Perú	Fuel transport
	General Contractors

Purchasing processes

Evaluation (data 2014)



A supplier is evaluated in each kind of product/ service in the following aspects:

- 0-10  Management (Communication, Documentation, troubleshooting, ...)
- 0-10  Quality (material/service provided, deadlines, specifications compliance, ...)
- 0-10  Safety (compliance with laws and regulations concerning Environment)
- 0-10  Environment (compliance with laws and regulations concerning Safety)
- 0-10 **Global Mark**

Very Bad	Bad	Normal	Good	Excelent
0 - 2	3 - 4	5 - 6	7 - 8	9 - 10

✓ Mandatory for High criticality

# Evaluations	2,237
# Evaluated Suppliers	959
% Evaluated Purchasing Volume	20%
Weighted Average Mark	7,16

Business	# Evaluations
Corporation	46
LPG	125
Marketing	410
Chemicals	258
Refining	909
Upstream	489

Purchasing processes

Examples



Colombia:

Training Day as part of the **Supplier Development Program** aimed at Contractors belonging to the Wayuu indigenous community in the Riohacha Region

Ecuador:

Repsol has sent a statement to all suppliers, emphasizing the **Ethics and Conduct themes**, along with a Brochure reporting safety and environmental regulations

Spain:

Purchases of 3,8 MM€ to 43 Special Employment Centers.



Ethnic Audit in Wahorani region (Ecuador)

Peru:

- ✓ Repsol has developed a "**subcontractor qualification Instructions**" for Suppliers which explains the steps for qualifying major subcontractors during the tender process.
- ✓ Development of three local suppliers for the **Integral Logistics service** (fluvial transport and material supply of hardware, food, medicine, etc) to meet the needs of Native Communities in Block 57.

Facilities:

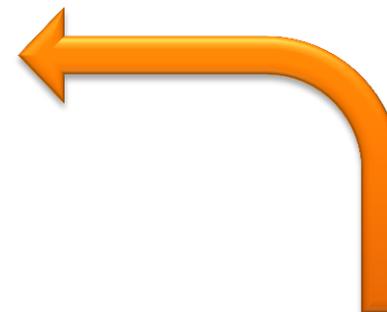
- ✓ **Safety meetings** with managers of usual Contractors (and subcontractors) companies
- ✓ **All providers workers** requiring work in the refinery are required to pass a **training course**, taught by REPSOL, to ensure awareness on health and safety during service execution.



Ethnic Audit to Iturri in Morocco

Purchasing processes

Security Passport in gas stations



WHEN YOU NEED TO BE SAFE **SGS** GlobalAlliance GlobalHoldings

GlobalAlliance

Pasaporte de Seguridad

Declaro que he leído y entendido las normas de Seguridad y que me atenderé a sus condiciones

D./Dña. Nombre Empleado

Nº 9012010710467811

Gerente

Válido hasta Fecha caducidad



Esta tarjeta es personal e intransferible

Ningún proceso es tan urgente o importante que no podamos encontrar una forma segura y medioambiental para hacerlo.

Son de alto riesgo los trabajos en:

- Espacios confinados
- Con izado de carga
- Trabajos en caliente
- Trabajos en altura
- Con energía activa/viva
- Excavaciones



Confirмо:

- ✓ Mi capacitación para el puesto.
- ✓ He recibido los EPI necesarios.
- ✓ He recibido por parte de mi empresa la formación necesaria.

Formación:



Purchasing processes

Security Meetings in facilities



Security Meeting in Canaport (Canada)

III Supplier Meeting in Ecuador



Plenary room



Safety in Operations Workshop



Human Rights Workshop



Awards to suppliers

Purchasing processes

Supplier Meeting in Spain



JORNADA

Seguridad y Medio
Ambiente

para Proveedores DEAC Repsol



HAGAMOS DEL MUNDO UN LUGAR MEJOR

Agenda

15:30 ✓ Accreditation and welcome coffee

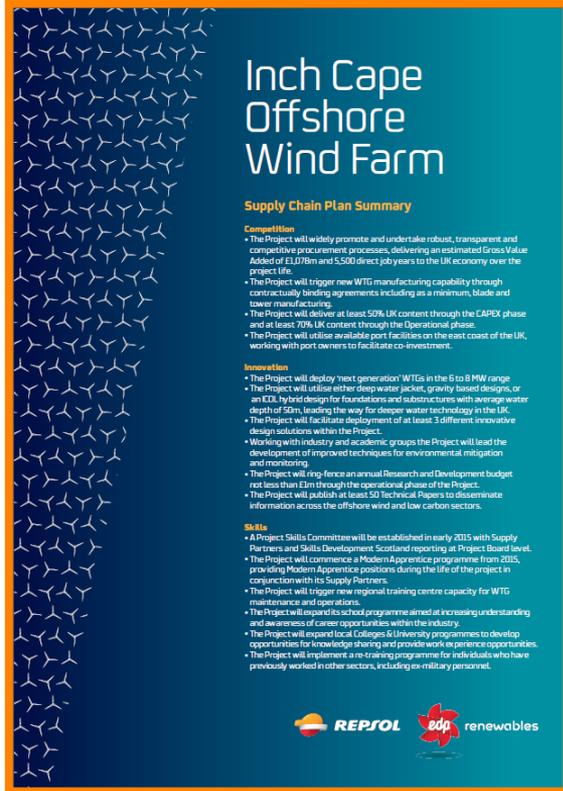
16:00 ✓ Opening:

- Importance of the contractors in our Safety and Environment culture
- How to transmit our Corporate Responsibility Values to our Partners
- Safety and Environment aspects in the contractual relationship formalization
- Environmental Footprint Compensation
- Safety and Environment best practices in Advertising Campaigns, Events and Travels Question time

18:00 ✓ Closing

Purchasing processes

Communication to large project suppliers



Inch Cape Offshore Wind Farm

Supply Chain Plan Summary

Competition

- The Project will widely promote and undertake robust, transparent and competitive procurement processes, delivering an estimated Gross Value Added of £1.07bn and 5,500 direct jobs to the UK economy over the project life.
- The Project will trigger new WTD manufacturing capability through contractually binding agreements including as a minimum, blade and tower manufacturing.
- The Project will deliver at least 50% UK content through the CAPEX phase and at least 70% UK content through the Operational phase.
- The Project will utilise available port facilities on the east coast of the UK, working with port owners to facilitate co-investment.

Innovation

- The Project will deploy 'next generation' WTDs in the 6 to 8 MW range.
- The Project will utilise either deep water jacket, gravity based design, or an ECJ, hybrid design for foundations and substructures with average water depths of 50m, leading the way for deeper water technology in the UK.
- The Project will facilitate development of at least 3 different innovative design solutions within the Project.
- Working with industry and academic groups the Project will fund the development of improved techniques for environmental mitigation and monitoring.
- The Project will ring fence an annual Research and Development budget not less than £2m through the operational phase of the Project.
- The Project will publish at least 50 Technical Papers to disseminate information across the offshore wind and low carbon sectors.

Skills

- A Project Skills Committee will be established in early 2015 with Supply Partners and Skills Development Scotland reporting at Project Board level.
- The Project will commence a Modern Apprenticeship programme from 2015, providing Modern Apprenticeship positions during the life of the project in conjunction with its Supply Partners.
- The Project will trigger new regional training centre capacity for WTD maintenance and operations.
- The Project will support its school programme aimed at increasing understanding and awareness of career opportunities within the industry.
- The Project will support local Colleges & University programmes to develop opportunities for knowledge sharing and provide work experience opportunities.
- The Project will implement a re-training programme for individuals who have previously worked in other sectors, including ex-military personnel.



✓ Requirements to suppliers delivering large, complex engineering projects in a sustainable and responsible way.

(Inch Cape project (Scotland))

Purchasing processes

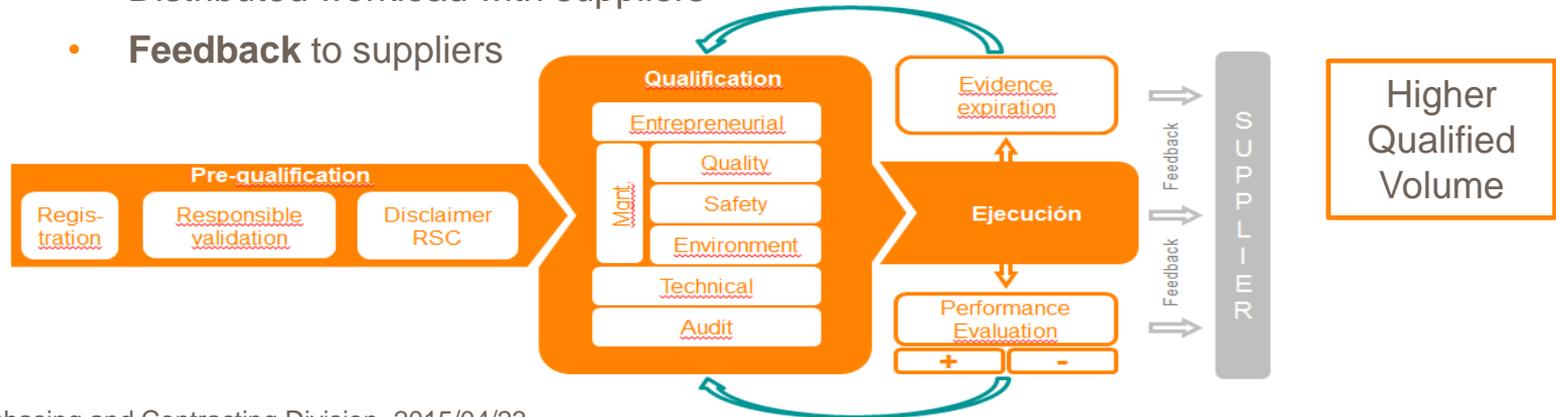
Ongoing Improvements



Technical Instruction against breaches detected + Auditor Guide

New model of Continuous Qualification, based on the expiration of qualification evidences

- Homogeneous qualification requirements for each good or service
- Mandatory RSC Disclaimer acceptance
- Distributed workload with suppliers
- **Feedback** to suppliers



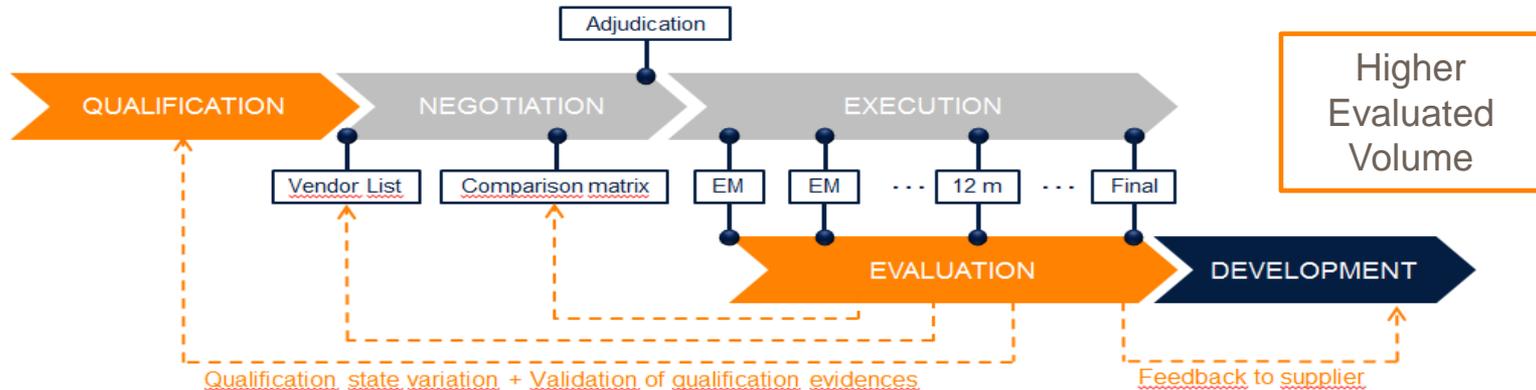
Purchasing processes

Ongoing Improvements



New model of Continuous valuation, with defined impact on the qualification, negotiation and development of suppliers

- Impact on the **qualification** state
- Impact on the **negotiation** phase
- Validation of **qualification evidences** due to good performance
- **Feedback** to suppliers



Purchasing processes

Ongoing Improvements



Systematic verification of individuals (shareholders), companies and countries subject to international sanctions and embargoes

Study of Contractors and Subcontractors Accidents in order to:

- Establish **specific Safety and Health clauses** in the General Purchasing and Contracting Conditions
- Identify kind of **materials and services with high risk of accidents**, and establish general and specific qualification criteria for suppliers in that material and services
- Identify safety criteria and weights for **bid evaluation matrix**



THANK YOU



How do we share our ethical and social concerns with our suppliers

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