

LIBERTY GLOBAL **PROCUREMENT**

2023 SUPPLY CHAIN SUSTAINABILITY AND RISK REPORT

SUPPLIER ASSESSMENT, SCREENING AND DEVELOPMENT

VERSION CONTROL:

Date	Owner	Version comments
01/07/2024	Liberty Global Procurement Services	V1

PREFACE

Social and environmental responsibility is central to the way Liberty Global Group does business, as is anticipating and mitigating risks. To ensure that the highest standards are met in this regard, Liberty Global has developed the [Liberty Global Procurement Responsible Supplier Code of Conduct \(RSCoC\)](#), which outlines the Key Principles for Liberty Global Procurement Services' (LPS) management of supply chain, and the [LPS Supplier Assessment procedure](#), describing LPS risk screening and assessment processes performed on its suppliers.

This **2023 Supply Chain Sustainability and Risk Report** summarises the outcome of the application of the [LPS Supplier Assessment Procedure](#) and the various supply chain risk mitigation initiatives implemented by LPS and Liberty Global for the calendar year **2023**.

1. LPS Supply Risk Management Framework 2023 (SRMF)

As a multinational organisation with a complex supply chain, Liberty Global faces many potential risks and headwinds, both on a macroeconomic and a microeconomic scale. The ever-changing global risk landscape must be monitored closely and mitigated correctly in order for LPS to continue to be a successful procurement function. Section 1 details our systematic approach to Risk Management to support this objective.

Every year, LPS classifies its suppliers according to the **Supplier Classification Process** as described in Figure 1 of the Appendix. As part of this process, LPS identifies within its Top 80% spend, four key categories of suppliers: strategic, preferred, critical and operational (see Appendix - Figure 2 for definitions). Strategic, preferred and critical vendors identified in this exercise, as well as any key suppliers identified by the Procurement Leads, are inputted in the **Supplier Risk Watchlist**. The Supplier Risk Watchlist is reviewed internally, on a quarterly basis, with a variety of tools and publicly available information used to monitor, anticipate, and mitigate any potential risks that could impact Liberty Global from a Supply Chain perspective.

The suppliers identified in the **Supplier Risk Watchlist** are assessed and monitored quarterly against the following criteria (non-exhaustive):

- Internal assessment from Procurement:
 - Natural & environmental risks (e.g. Natural catastrophes, pandemic occurrences, supplier site catastrophes)
 - Economic & political risks (e.g. Economic crisis and depression, major policy changes, rebellions, country tensions / war, political tensions, exchange risks)
 - Supplier specific risks (e.g. Supplier financial risks, supplier failures, radical strategic moves by industry players, supply shortage, CSR risks, fraudulent activities, sanctions, compliance, data breaches & cybercrime)
 - Impact on Liberty Global Group geographical footprint
 - Spend with Liberty Global
- Internal assessment from Treasury
 - Treasury alerts based on Supplier Financial KPIs monitoring and analysis
- External assessments
 - Financial risks using Dun & Bradstreet

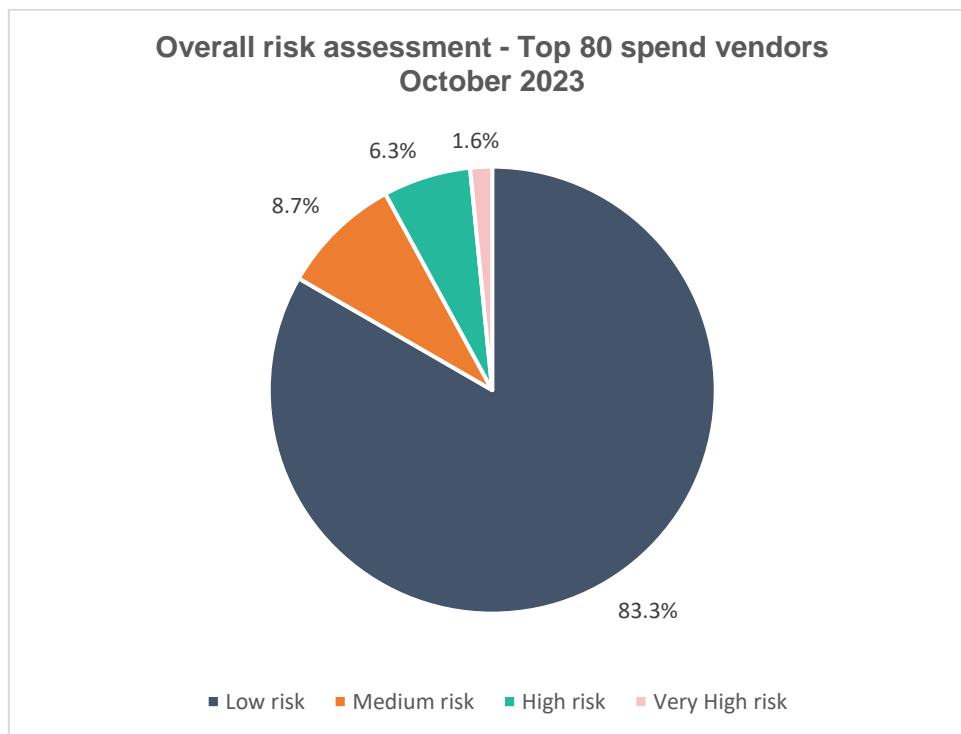
- Ecovadis rating (see Section 2 of this document)

The assessment results in an **overall risk rating** for each supplier: “Low”, “Medium”, “High”, “Very high”.

When a supplier risk is evaluated to “Medium”, “High”, or “Very High”, a deep dive review involving the relevant internal and external stakeholders/subject matter experts will be conducted. Based on the analysis, either a mitigation actions will be implemented or supplier will be closely monitored (see more details in following paragraphs).

2023 Results:

Since we reassess our Watchlist multiple times per annum, we are sharing here information regarding the October 2023 iteration as a worked example, which was applicable at year-end. LPS identified **126** suppliers as part of the SRMF in the Supplier Risk Watchlist, **83.3%** of which were classified as **Low risk**.



Of the remaining suppliers, 2 suppliers (1.6%) were rated “very high” risk, with the main risk drivers being Financial or Economic & Political risk. 8 suppliers (6.3%) were rated “high” risk, with the main risk drivers being either Financial, Supplier Specific or ESG related risk. 11 suppliers (8.7%) were rated “medium” risk, with the main drivers being Financial, Economic & Political or Supplier Specific risk.

For the “Medium”, “High”, or “Very High”, suppliers identified, **15** mitigation actions have been implemented to address the main risks identified during the SRMF process. Mitigation actions are monitored and risk ratings requalified quarterly as needed.

Next steps:

LPS will be working on improving the financial assessment and screening process as well as continuing monitoring the mitigation efforts of suppliers with the aim to reduce the number of “high” and “very high” risk suppliers.

It is important to note that our approach to SRMF is regularly reviewed to ensure we are using the best processes, technologies and data sources. We aim to test and implement further improvements to our process, leveraging AI and other tools to aid risk identification, assessment and mitigation.

2. EcoVadis, a third-party environmental sustainability rating platform to assess corporate social responsibility (CSR) and sustainable procurement

LPS is committed to continuously improving the CSR credentials of our vendors through collaboration. One of the key tools that we use for this purpose is EcoVadis and we have invited our top 80% spend suppliers to sign-up for a scorecard evaluation. Section 2 details how EcoVadis has supported LPS in gathering data on its supply chain as well as in planning corrective actions for underperforming CSR topics.

LPS assesses selected suppliers on an annual basis by using the [EcoVadis](#) 21 CSR criteria. The criteria cover four material areas: Environment, Social, Ethics, and Sustainable Procurement.

Environment	Labor & Human Rights	Ethics	Sustainable Procurement
<ul style="list-style-type: none"> Energy Consumption & GHGs Water Biodiversity Air Pollution Materials, Chemicals, & Waste Product Use Product End-of-Life Customer Health & Safety Environmental Services & Advocacy 	<ul style="list-style-type: none"> Employee Health & Safety Working Conditions Social Dialogue Career Management & Training Child Labor, Forced Labor & Human Trafficking Diversity, Equity & Inclusion External Stakeholder Human Rights 	<ul style="list-style-type: none"> Corruption Anticompetitive Practices Responsible Information Management 	<ul style="list-style-type: none"> Supplier Environmental Practices Supplier Social Practices

This constitutes the basis for the ESG performance of LPS suppliers (ESG: Environment, Social, Governance). EcoVadis enables LPS to assess and benchmark its suppliers through a scorecard with actionable feedback and online corrective actions.

2023 Results

In 2023, **141 suppliers' performance** was rated in EcoVadis, of which:

- 0.5% were rated “insufficient” (0-24 points /100 points)
- 9.8% were rated “partial” (25-44 points /100 points)
- 52.10% were rated “Good” (45-64 points /100 points)
- 36.70% were rated “Advanced” (65-84 points /100 points)
- 0.90% were rated “Outstanding” (85-100 points /100 points)

Furthermore, through this exercise we noted that our suppliers scored between 13% and 19% above benchmark across all 4 categories (Environment, Labor & Human Rights, Ethics, Sustainable Procurement), with the highest scores being in Environment.

Corrective actions

EcoVadis also supports the creation of supplier-specific action plans for the improvement of CSR topics and the mitigation of CSR related risks. Once produced, these corrective action plans are shared with LPS buyers and their suppliers to discuss and agree a plan for implementation.

In 2023, the monitoring of our supply chain partners via EcoVadis led to the identification of several areas requiring improvement within our suppliers' network within Environment, Ethics and Human Rights. Our internal assessment of the improvement areas from the EcoVadis Scorecards resulted in 732 corrective actions raised to 25 suppliers. These corrective actions were classified as follows:

- 37% in Environment, with main topics for correction identified with regards to waste management. This includes the total weight of waste recovered, as well as the total weight of hazardous and non-hazardous waste reported.
- 36% in Labour & Human Rights, with main topics for correction identified with regards to lack of targets or clear documentation and policies around human rights, insufficient reporting and lack of relevant certifications by our partners. No major breaches with regards to human rights were identified through the EcoVadis evaluation process in 2023.

27% in Ethics, with main topics for correction identified with regards to the lack of conclusive documentation regarding Ethics measures. No major breaches with regards to ethics were identified through the EcoVadis evaluation process in 2023.

Next Steps

LPS will be working on increasing the number of suppliers assessed in EcoVadis, as well as monitoring the improvement rates for suppliers identified with insufficient EcoVadis performance scores.

Ecovadis support is continual, and we refresh our key list of suppliers (and associated Ecovadis assessments or re-assessments) annually. This gives LPS an up to date picture of the ESG credentials of our supply base, as well as allowing Suppliers an opportunity to be re-assessed to improve their scoring having implemented the Corrective Actions identified the year before.

3. Joint Alliance for CSR (JAC)

As of September 2023, Liberty Global joined the [Joint Alliance for CSR \(JAC\)](#), the international association of telecom operators dedicated to developing and assessing Corporate Social Responsibility (CSR) standards across the industry's supply chain. With the aim of promoting sustainable sourcing, JAC members share audit data, resources and best practices to verify, assess and develop sustainable sourcing principles for suppliers of the telecom sector.

As a member of JAC, Liberty Global collaborates alongside the world's largest telco providers, conducting and sharing CSR on-site audit reports of major Information and Communications Technology (ICT) suppliers. As part of JAC commitments, Liberty Global will be conducting at least five manufacturing audits of its Tier 1 Suppliers per year (selected suppliers at Liberty Global's discretion and according to JAC processes).

JAC on-site audits are performed by an external auditor company, using a JAC questionnaire template. The JAC audit questionnaire focuses on the assessment of the following CSR aspects (non-exhaustive):

- Child labour & juvenile workers
- Forced labour
- Health and safety
- Freedom of association
- Discrimination
- Disciplinary Practices
- Working hours
- Wages and compensations
- Environment
- Business ethics

The JAC audit assessment will result in the following grading: "A- Excellent"; "B- Good"; "C- Conditional acceptable"; "D- Poor".

For "C" and "D" grades, a corrective action plan (CAP) will be developed for the supplier and its implementation followed up by the JAC member responsible for the audit.

2023 Results

In **2023**, **44 on-site Manufacturing CSR audits** have been conducted by the JAC members on **10 Tier-1 vendors** common to Liberty Global. **15 sites relating to 10 vendors** went through corrective action plans managed by JAC members procuring the audits.

Next steps

In 2024, LPS will be conducting **7 on-site CSR audits** and follow up on the relevant corrective action plans (if needed) as part of its annual JAC audit commitments. LPS will also continue monitoring other relevant audits performed on its common supplier base by the JAC members and address any risks accordingly with the relevant supplier.

4. Privacy & Security assessments in One Trust

LPS takes the Privacy and Security of our data and our customers' data very seriously, and we have implemented multiple systems and processes in order to ensure that, when it comes to our vendors and outsourced activities, we have assessed and mitigated risks in these areas where appropriate. Section 4 explains how OneTrust supports us in this area.

LPS is using OneTrust to assess risks around personal data processing and security via specific questionnaires designed by specialist Privacy and Security teams within Liberty Global. These are filled in by the supplier and the operational Business stakeholder for the applicable projects that requires data collection and processing.

Depending on the nature of the product/service in question, OneTrust assessments may be performed prior to contract signature, on an annual basis or at contract renewal as part of our due diligence.

2023 Results

In 2023, **77** vendor projects have been assessed on the privacy and security module. Based on the assessments output, Privacy and Security teams provided their recommendations for next steps (as needed) such as additional contractual clauses to be added.

129 vendors went through an additional Third-Party Security Due diligence assessment.

Next steps

LPS is investing in technologies, including in AI, that further support the identification of Privacy and Security related risks. We plan to run these tools in parallel to OneTrust to support the overall assessment of new and existing vendors. Multiple data sources will therefore inform the required technical and contractual mitigations needed to ensure our supply base are resilient to the risks in this space.

5. Grievance mechanism

As Liberty Global continues to evolve, our shared commitment to one of our Company values, Straight Up, means we treat our customers fairly, treat our colleagues with respect, and uphold the highest ethical and legal standards. As a result, we have a strong reputation with our customers, our employees, our business partners and in the communities we serve. We expect the same from our Suppliers.

In addition, every year Liberty Global purchases significant quantities of equipment and services. With this comes a responsibility to ensure that we incorporate ethical, environmental and social considerations into our spending decisions.

Liberty Global's employees, suppliers and third party partners can raise any concerns regarding adherence to, and enforcement of, the Key Principles documented in the [Liberty Global Procurement Responsible Supplier Code of Conduct \(RSCoC\)](#) and the Liberty Global Employee [Code of Conduct](#), and / or issues identified in their Supply chain using the [Liberty Global Compliance Portal](#) or raising their concerns directly to the [Liberty Global Compliance](#) team.

2023 Results

In 2023, there were no reported cases related to Supply Chain.

Next Steps

Liberty Global will continue monitoring and taking necessary steps as needed to address any relevant reported cases.

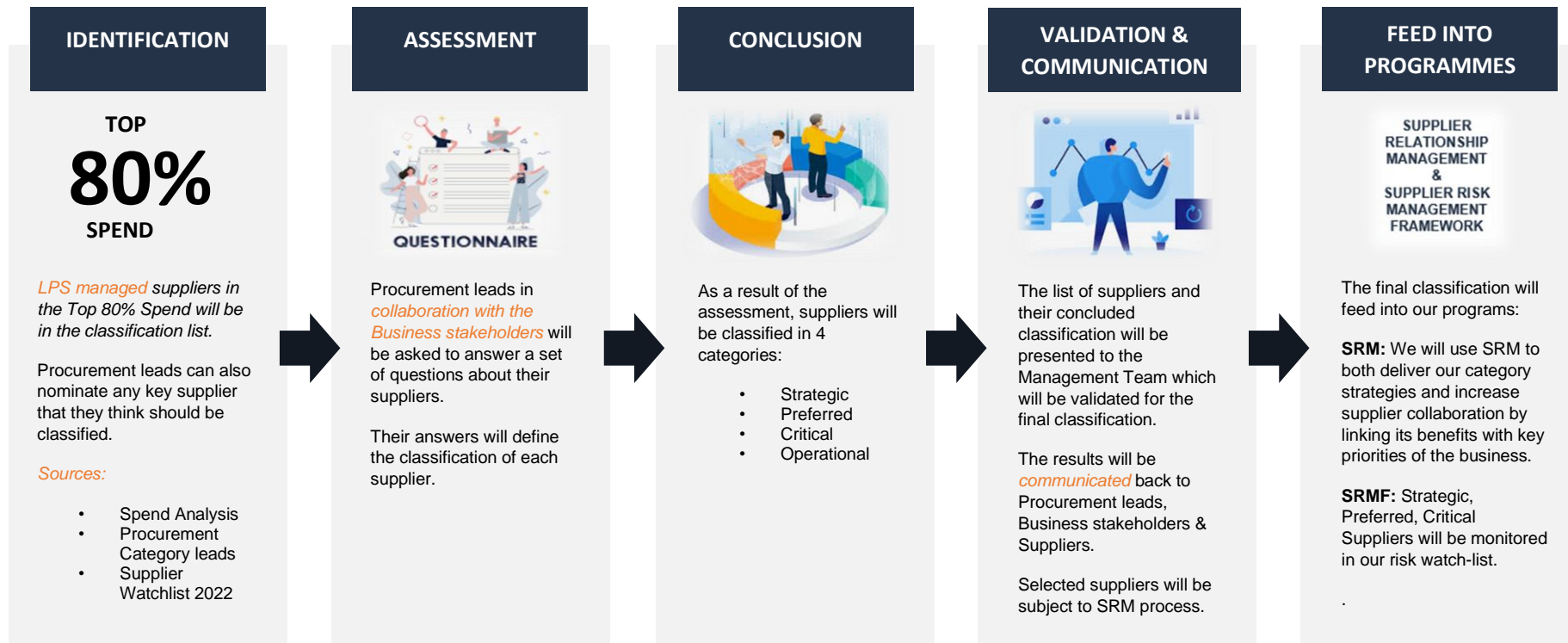
6. Conclusion

This 2023 Supply Chain Sustainability and Risk Report sets out actions and performance against the LPS Supply Assessment Procedure.

- Our systematic Supplier Risk Management Framework enables LPS to classify, monitoring and mitigate vendor and economic risks effectively. In the October 2023 iteration of the SRMF reassessment, 92.1% of our top 80% spend vendors were identified as “low” or “medium” risk.
- Our ratings platform Ecovadis allows LPS to assess supplier CSR performance, gather high quality data from our supply base and use this data for continuous improvement. About 90% of assessed suppliers were rated with “Good” performance or above.
- We joined the Joint Alliance for CSR (JAC) in September 2023. We see this as a strong opportunity to obtain detailed audit data on key vendors and make sure they are following our CSR related policies in practice.
- LPS uses bespoke questionnaires, written by our specialist Privacy and Security teams and managed through the OneTrust platform, to support onboarding and continuous improvement of our vendors in this area.
- LG reporting mechanisms enable Liberty Global employees, suppliers and third-party partners to raise any concerns or issues regarding adherence to, and enforcement of, our policies and principles using the Liberty Global Compliance Portal or raising their concerns directly to the Liberty Global Compliance team.

APPENDIX

Figure 1



- **MT:** Management Team
- **SRM:** Supplier Relationship Management
- **SRMF:** Supplier Risk Management Framework
- **LPS Managed Suppliers:** Suppliers in scope of Liberty Procurement Services.

Figure 2

