RESPONSIBLE PROCUREMENT

Procurement introduction training
1. What is Responsible Procurement at Liberty Global?
2. Our four step approach
3. Integrating our activities into procurement processes
4. The EcoVadis platform
WHAT IS RESPONSIBLE PROCUREMENT AT LIBERTY GLOBAL
VISION

WE’RE COMMITTED TO BUILDING BETTER RELATIONSHIPS WITH OUR SUPPLIERS NOT ONLY TO MITIGATE RISKS BUT TO ALSO HELP IDENTIFY OPPORTUNITIES.

THIS INCLUDES BETTER UNDERSTANDING THE WAY WE SOURCE OUR ELECTRONIC COMPONENTS AND NETWORK EQUIPMENT AND ITS SUBSEQUENT DISTRIBUTION TO OUR CUSTOMERS.
OUR 4 STEP PROCESS
OUR APPROACH

Our collaborative relationship with suppliers helps us mitigate risk and identify opportunities. Our approach has 4 main stages:

REQUIREMENTS
Setting requirements for suppliers through our Responsible Procurement and Supply Chain Principles

ALIGNMENT
Creating internal understanding through training our Supply Chain and Procurement teams.

ASSESSMENTS
Assessing our suppliers using the EcoVadis platform.

DIALOGUE
Opening up possibilities for suppliers improvement.
1. REQUIREMENTS

Responsible Procurement and Supply Chain Principles in a nutshell

Have an understanding of our Responsible Procurement and Supply Chain Principles – your vendors will have to adhere to them!
2. ALIGNMENT

Participate in the trainings related to Liberty Global’s Responsible Supply Chain strategy and take time to understand how you contribute every day.

**Responsible Procurement and Supply Chain principles**

Liberty Global’s Responsible Procurement and our Supply Chain Principles sets out Liberty Global’s Environmental, Social and Governance expectations of responsible suppliers.

**EcoVadis Assessment tool for suppliers**

The EcoVadis tool creates a summary scorecard based on the suppliers assessment against 21 CSR Criteria

**Liberty Global’s Modern Slavery statement**

Legal requirement: The MSA requires us to report annually on how we are ensuring there is no modern slavery or human trafficking in our operations and global supply chain.
WHERE CAN YOU FIND INFORMATION?

[Image of Liberty Global's responsibility and performance section]

- Reports
  - KPMG Independent Limited Assurance Statement 2017
  - Environmental Reporting Criteria 2017
  - GRI Standards Content Index 2017
  - KPMG Independent Limited Assurance Statement 2016
  - Liberty Global Environmental Reporting Criteria 2016
  - Liberty Global G4 Content Index

- Policies and Resources
  - Modern Slavery Act Statement
  - Code of Ethics for Advertising
  - Responsible Procurement and Supply Chain Principles
  - Corporate Responsibility Stakeholder Engagement Framework
  - Environmental Statement
  - Product Sustainability Scorecard
  - CR Stakeholder Engagement Framework
3. ASSESSMENT

Identified suppliers will be asked to complete and assessment of their social, environmental and ethical impact of their operation(s) using the EcoVadis platform. Your suppliers might have to go through this process.

How are suppliers chosen to be assessed?

**SUPPLIER BASE**

**TOP SUPPLIERS BY SPEND**

*Spend-based approach:* from 2013 – 2016 we implemented a ‘spend-based’ strategy, targeting the top suppliers by spend, representing 80% of Liberty Global spend.

**SUPPLIER BASE**

- Link to material sustainability issues
- Proximity to brand
- Spend and country

Moving from horizontal spend assessments to a vertical selection of suppliers by risk

*Risk-based approach:* focuses on the material issues in our supply chain. The main aim is to:
1. Identify high risk suppliers based on current material issues;
2. Formally and proactively process and react to material issues;
3. Prioritise and focus key resources
4. DIALOGUE /CORRECTIVE ACTIONS

If (based on the EcoVadis assessment) we discover that the supplier is not adhering to our Key Principles, Liberty Global will seek to work with them to address such non-adherence through a mutually agreed remediation plan and you might be involved in that dialogue.

Approach to Corrective Action Plans

1. **Supplier identified as low scoring via EcoVadis.**
   - Due to (score < 44) or failure to meet key performance indicator

2. **LG Procurement and CR teams review EcoVadis Scorecard.**
   - Determine whether a Corrective Action Plan (CAP) is needed

3. **Agree corrective action plan need:**
   - Basic corrective action via EcoVadis; or In-depth corrective action meeting

4. **Corrective Actions documented and sent to suppliers via EcoVadis.**
   - (Category lead notified)

5. **LG Procurement and CR teams inform GSML and Category Lead that a CAPM meeting/basic correction is required**

6. **Category Lead set up CAP meeting with contact plus supplier CR representative**

7. **Corrective action meeting Plan and timelines agreed**
   - (Support and follow provided by LG CR team)
WHAT ECOCVARIS WANTS TO ACHIEVE

• Not just a survey - an evidence-based assessment
• Provides transparency to you
• Gives the supplier clear indication on where their strengths / weaknesses lie, and how to act
• Supplier can use EcoVadis score for their work with other companies
• You can easily monitor improvements
• An investment in the buyer/ supplier relationship
LIBERTY GLOBAL’S WORK WITH ECOVADIS TO DATE

• Collaboration with EcoVadis since 2013.

• 315 of your key suppliers have EcoVadis assessments
A ROBUST METHODOLOGY

POLICIES – ACTIONS - RESULTS

21 CSR Criteria

**ENVIRONMENT**
- Operations
  - Energy & GHGs
  - Water
  - Biodiversity
  - Pollution
  - Materials & Waste
- Products
  - Product Use
  - Product End of Life
  - Customer Safety
  - Advocacy

**SOCIAL**
- Human Resources
  - Employee Health & Safety
  - Working Conditions
  - Social Dialogue
  - Career Management & Training
- Human Rights
  - Child & Forced Labor
  - Discrimination & Harassment
  - External human rights issues

**ETHICS**
- Corruption & Bribery
- Anti-competitive Practices
- Data Security

**SUSTAINABLE PROCUREMENT**
- Supplier Environmental Performance
- Supplier Social Performance

ISO 26000
Social Responsibility
Methodology

- 21 CSR criteria covered (environment, social, ethics)
- Evaluation indicators
- Customized supplier assessment (based on the supplier industry sector, its size and its countries of operations)
- An extra small assessment is available for companies under 0-9 employees
- Gathering supporting documentations

Note: Supplier fees vary depending on the size of the organization. Assessments can be shared with multiple organizations saving time for the supplier.
## WHAT AN ECOVADIS SCORE REPRESENTS

<table>
<thead>
<tr>
<th>Score</th>
<th>CSR Performance</th>
<th>Likely Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>85-100</td>
<td><strong>Outstanding</strong></td>
<td><strong>High Opportunity</strong></td>
</tr>
<tr>
<td></td>
<td>• Structured and proactive CSR approach</td>
<td>Company has best-in-class CSR practices which present <strong>major opportunities for their customers</strong> in regards to product/service <strong>innovation</strong>, market <strong>differentiation</strong>, creating <strong>shared value</strong>, etc.</td>
</tr>
<tr>
<td></td>
<td>• Policies and tangible actions on all topics</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Comprehensive CSR Reporting on actions &amp; KPIs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Innovative practices and external recognition</td>
<td></td>
</tr>
<tr>
<td>65-84</td>
<td><strong>Advanced</strong></td>
<td><strong>Medium Opportunity</strong></td>
</tr>
<tr>
<td></td>
<td>• Structured and proactive CSR approach</td>
<td>Company has an advanced CSR management system which could yield <strong>positive business outcomes</strong> in terms of <strong>cost reduction</strong>, productivity <strong>improvements</strong>, efficiency gains...</td>
</tr>
<tr>
<td></td>
<td>• Policies and tangible actions on major topics with significant CSR Reporting on actions &amp; KPIs</td>
<td></td>
</tr>
<tr>
<td>45-64</td>
<td><strong>Confirmed</strong></td>
<td><strong>Engaged</strong></td>
</tr>
<tr>
<td></td>
<td>• Structured and proactive CSR approach</td>
<td>Company is engaged in major CSR topics, therefore risks are limited. Company <strong>embraces continuous performance improvements</strong> on CSR and should be considered for a <strong>long-term business relationship</strong>.</td>
</tr>
<tr>
<td></td>
<td>• Policies and tangible actions on major topics</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Basic reporting on actions or KPIs</td>
<td></td>
</tr>
<tr>
<td>25-44</td>
<td><strong>Partial</strong></td>
<td><strong>Medium Risk</strong></td>
</tr>
<tr>
<td></td>
<td>• No structured CSR approach</td>
<td>Company has partial involvement in CSR topics which could present medium risk for customers. <strong>Improvement areas identified should be addressed</strong> to encourage evolution of CSR performance.</td>
</tr>
<tr>
<td></td>
<td>• Few tangible actions on selected topics</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Partial certification or possible products with eco-labels</td>
<td></td>
</tr>
<tr>
<td>0-24</td>
<td><strong>None</strong></td>
<td><strong>High Risk</strong></td>
</tr>
<tr>
<td></td>
<td>• No engagements or tangible actions regarding CSR</td>
<td>Company lacks engagement on CSR which could present high risk for their customers with regards to <strong>regulatory compliance</strong>, impact on reputation, supply disruption, etc.</td>
</tr>
<tr>
<td></td>
<td>• Evidence in certain cases of misconduct (e.g. pollution, corruption)</td>
<td></td>
</tr>
</tbody>
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METHODOLOGY: 7 EVALUATION INDICATORS

**POLICIES**
1. **POLI**
   - Policies, objectives, targets, governance
2. **ENDO**
   - Endorsement of external CSR initiatives and principles (e.g. UN Global Compact)

**RESULTS**
6. **REPO**
   - Quality of reporting readily available to stakeholders
7. **360**
   - Standpoints of stakeholders, e.g.
     administrative & judicial authorities, trade unions, NGOs

**ACTIONS**
3. **MESU**
   - Actions implemented (e.g. procedures, training, equipment)
4. **CERT**
   - Certifications, labels, 3rd party audits
5. **COVE**
   - Level of deployment of certificates or actions throughout the company

2,500+ sources
ECOVADIS IN PRACTICE

Selected suppliers go through these stages:

1. Onboarding
   - Online registration and Qualification of all your suppliers

2. Assessment
   - Multiple data collection (online questionnaire, supporting documents…)
   - CSR expert analysis

3. Results
   - Easy to use and dynamic Scorecard available online
   - Scoring of the supplier performance + qualitative information

4. Improvement
   - Online Corrective Action Plan: module
   - Use the Scorecard to improve suppliers’ performance

5. Performance Monitoring
   - Update Assessment
SUSTAINABLE SUPPLIER AWARD

Social and environmental responsibility is central to the way we do business at Liberty Global and this extends to how we work with our suppliers.

This important award recognizes suppliers excelling in the area of sustainability, labour practices and human rights.
APPENDIX
SUPPORT CENTER FOR BUYERS AND SUPPLIERS

- http://help.ecovadis.com/
- Video tutorials and over 100 detailed articles available in 11 languages
- Suppliers can submit a request, call or chat in their preferred language

http://help.ecovadis.com/buyer/
https://support.ecovadis.com/hc/en-us
THANK YOU