Small Business and Supplier Diversity Program
What is Supplier Diversity

- The procurement of goods and services from historically underutilized or marginalized businesses
- A proactive business process that seeks to provide all suppliers equal access to purchasing opportunities
- Provides opportunity, not preference; selective inclusion, not random addition of suppliers

  - The SBA, for most industries, defines a "small business" either in terms of the average number of employees over the past 12 months, or average annual receipts over the past three years. In addition, SBA defines a U.S. small business as a concern that:
    - Is organized for profit
    - Has a place of business in the US
    - Operates primarily within the U.S. or makes a significant contribution to the U.S. economy through payment of taxes or use of American products, materials or labor
    - Is independently owned and operated
    - Is not dominant in its field on a national basis
To qualify, a supplier can be privately held or publicly traded and the Company must be owned by an American citizen(s) where the ownership is 51 percent or greater in the selected area

- **ME = Minority Owned**
  - African-Americans
  - Asian Pacific
  - Asian-Indian
  - Hispanic
  - Native American

- **WE = Woman Owned**
  At least 51 percent owned by individuals with U.S. citizenship who are female

- **DE = Disabled**
  Operated by a disabled individual or individuals

- **DVE = Veteran/Disabled Veteran**
  Owned and operated by a veteran(s) disabled/or not disabled of the U.S. Armed Forces
Why Is Supplier Diversity Important to Corporate America?

**Federal Government**
- **Public Law 95-507** which stipulates all government contracts valued over $650K must have a diversity, Small Business, plan tied to it
- **Federal Streamlining Act** requires 5 percent of all government contracts be set aside for woman-owned businesses and identifies hub zones and disabled veterans as a part of "diverse" contractor base
- Effects any company doing business with the federal government or its subcontractors
- **FAR Clause 52.219-8** entitled “Utilization of Small Businesses
- **FAR clause 52.219-9** entitled “Small Business Subcontracting Plan

**Regulatory Requirements**
- General Order 156 outlines that companies governed by Public Utilities Regulatory Commissions are bound by various stipulations based on this order; established by the CPUC (California Public Utilities Commission), it mandates corporations attain the following spend levels with MWDVBEs or face sanctions: 15 percent minority enterprise, 5 percent women-owned enterprise, 1.5 percent disabled/vet enterprise
- Effects any company doing business as a "utility" includes both wireline and wireless carriers in Telecom, 2nd tier subcontracting is included

**Demographics**
- Minorities = Total 82.5M, 29.5 percent of U.S. population
- Women = 143.3M, 51.9 percent of U.S. population
<table>
<thead>
<tr>
<th>SBA Target</th>
<th>Program Based on Proposal</th>
<th>% Based on Total Contract Value</th>
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<tbody>
<tr>
<td>A) 23%</td>
<td>38.69% Awarded to Small Business</td>
<td>33.66%</td>
</tr>
<tr>
<td>B) 77%</td>
<td>61.31% Awarded to Large Business</td>
<td>53.33%</td>
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<tr>
<td>C) 5%</td>
<td>0.12% Awarded to Small Disadvantaged Businesses</td>
<td>0.10%</td>
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<tr>
<td>D) 5%</td>
<td>9.03% Awarded to Woman Owned Small Businesses</td>
<td>7.85%</td>
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<tr>
<td>E) 5%</td>
<td>0.0% Awarded to HBCU’s 48 CFR 226-370-8 OCT 2011 Report as SDB</td>
<td>0.0%</td>
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<tr>
<td>F) 3%</td>
<td>12.95% Awarded to HUB Zone Small Businesses</td>
<td>11.26%</td>
</tr>
<tr>
<td>G) 3%</td>
<td>0.00% Awarded to Service Disabled Veteran Small Business</td>
<td>0.0%</td>
</tr>
<tr>
<td>H) 3%</td>
<td>10.30% Awarded to Veteran Owned Small Business</td>
<td>8.96%</td>
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**Code of Federal Regulations (CFR) - U.S. Government Printing Office**
SCI’s Programs are being driven by customer requirements

- Lockheed Martin
- The Boeing Company
- Raytheon
- General Dynamics
- LEIDOS
- SPAWAR
- Defense Logistics Agency
- Army Aviation Command
- Department of Defense

It’s the Right Thing To Do
SCI Technology Inc is a corporate sponsor of regional diversity groups

- **WBENC**
  - Women’s Business Council Gulf Coast
  - Women’s Business Council Southwest
- **NMSDC**
  - South Regions Minority Business Council
  - Dallas/Fort Worth Minority Business Development Council
- **Telecommunications Industry Group**
Key Goals

- Establish a preferred or approved diversity supplier in every major purchased commodity
  - Distribution, metals, cables
  - Packaging, labels, hardware,
  - Looking for diversity partners in electronic and optical components

- Establish process for local plant MRO purchases
  - Services (landscaping, janitorial, food service)
  - Encourage local plant participation in diversity councils

- Fully integrate diversity suppliers into all new Joint Design Manufacturing (JDM) designs
Conclusion

We are committed to meeting our customers’ diversity goals.

We are looking for innovative and aggressive diversity suppliers.

The focus is on value, quality and service.
Thank You

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