

APPENDIX B

AT&T, Inc. Supplier Diversity Plan

1. Introduction

AT&T, Inc. (AT&T) understands that the State of Wisconsin is committed to the involvement of emerging business enterprises in the state's procurement program. AT&T also understands that City of Milwaukee and agencies with delegated purchasing authority will attempt to ensure that 18% of the total amount expended in the City's purchasing program in each fiscal year is paid to emerging business enterprises.

AT&T shares Milwaukee's commitment to Supplier Diversity. For over 35 years, AT&T has been a pioneer and leader in the integration of Emerging Business Enterprises into our corporate supply chain. Our focus on economic development through Supplier Diversity has allowed AT&T to take a national leadership role in promoting Supplier Diversity throughout the telecommunications industry and with our customers.

AT&T's methods and procedures have been ISO9000 certified and include industry-best practices. One of the quality processes that has been integrated into the program is a method for early (and ongoing) identification, qualification, and certification of diversity firms in advance of potential (or actual) projects. This process enables early involvement of diversity firms in any project life cycle, to maximize quality and integrate diversity firms into supply chain strategies (i.e., cost containment, quality control, etc.).

Our Supplier Diversity Program is designed to promote, increase, and improve the quality of the overall participation of diversity firms in our supply chain. Last year, we spent over \$1.4 billion dollars with diversity firms representing 15.14% of our purchasing base.

The AT&T Supplier Diversity Program began in 1968 and has been recognized as best in class by many different organizations through awards including, but not limited to:

- America's Most Admired Telecommunications Company, *Fortune Magazine*
- Ron Brown Award, The Conference Board (only Presidential Award given for Corporate Economic Leadership)
- Best Companies for Minorities, *Fortune Magazine*
- Economic Leadership Award, National Emerging Supplier Development Council
- America's Top Corporation for Women's Business Enterprises, Women's Business Enterprise National Council

2. State of Wisconsin Subcontracting Plan

AT&T is submitting this Supplier Diversity Initiative Plan ("Plan") in support of State of Wisconsin's Supplier Diversity Initiative. This Plan represents AT&T's commitment to utilize diversity suppliers in support of providing telecommunications services to the State of Wisconsin.

AT&T's Plan focuses on supporting the City of Milwaukee Emerging Business Enterprise Program through the utilization of Emerging Business Enterprises in all aspects of our business in support of our telecommunications network.

AT&T works closely with all its diversity suppliers and continuously identifies new business opportunities. As our business with City of Milwaukee continues to grow and evolve, we will continuously search for new subcontracting opportunities. In addition to the indirect utilization of State of Wisconsin Emerging Business Enterprises to support our business operations, AT&T will work collaboratively with the State of Wisconsin to identify opportunities for direct utilization of these firms.

3. AT&T Corporate Subcontracting Plan

The AT&T Supplier Diversity organization is an important aspect of our program. In conjunction with internal clients and strategic sourcing managers, the Supplier Diversity Managers develop diversity firm participation within specific product and service areas. This cross functional team of managers works closely with diversity firms that seek to provide products and services to AT&T.

We look for opportunities to work with suppliers in all aspects of our business, from advertising to central office engineering, computers, outside plant construction, and network provisioning.

AT&T endeavors to purchase from diversity firms those products that support the needs of AT&T as a telecommunications company. Included are all telecommunications related products and services that are used in the process of providing service to our customers. Also included are those products and services necessary for the day-to-day operation of AT&T.

Examples of the principal types of telecommunications products and services that are subcontracted to diversity firms are outlined in the following table:

Diversity Firm Subcontracting

	Emerging Business Enterprises	Women Business Enterprises
Switching Equipment for Central Offices	X	X
Materials & Labor associated with Construction & Repair	X	X
Copper & Fiber Optic Cable	X	X
Building Maintenance, Leases, etc.	X	X
Computers – Hardware & Software	X	X
Marketing & Advertising Services	X	X
Financial & Misc. Services	X	X
Professional & Temporary Services	X	X
Office Equipment/Supplies	X	X
Training Services	X	X
Printing & Reproduction Services	X	X
Travel Services	X	X
Transportation Services	X	X
Motor Vehicles	X	X

Subcontracting Goals

The methods used to develop the subcontracting goals for diversity firms are:

- Goals are established for each major product and service category comparing total purchases to purchases for diversity firms.
- Areas subcontracted are determined based on AT&T's Supplier Diversity guidelines which includes a community outreach process, as well as an internal program which encourages employees to utilize diversity firms in all purchasing and contracting activities when circumstances make it practical.
- Capabilities of all suppliers are determined through the use of AT&T's normal supplier evaluation process. The assessment of supplier capability is often tailored to meet the specific product or service being procured. This process has supported the growth and development of AT&T's internal program that encourages employees to utilize diversity firms in all purchasing and contracting activities when circumstances make it practical.

Methods used to identify potential sources for solicitation purposes

The following are the methods used to identify potential sources for solicitation purposes:

- Develop and maintain profiles of diversity firms to better enable us to refer them to contract managers for possible purchasing opportunities.
 - Attend or arrange for the attendance of company managers at Business Opportunity Workshops, Emerging Business Enterprise Seminars, Trade Fairs, etc.
 - Seek sources from local, regional or national minority councils; local or state government and professional certifying agencies, and SBA's ProNet System in the determination process.
 - Advertise in trade publications as well as minority publications to reach potential suppliers.

Program Administrator

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The Program Administrator has general overall responsibility for the subcontracting program, i.e., developing, preparing, and executing individual subcontracting plans and monitoring performance relative to the particular plan.

These duties include, but are not limited to, the following activities:

- Developing and promoting company policy statements that demonstrate the company's support for awarding contracts and subcontracts to diversity firms.
- Developing and maintaining bidder's lists of diversity firms from all possible sources.
- Ensuring periodic rotation of potential subcontractors on the bidder's lists.
- Assuring that diversity firms are included on the bidders' list for every subcontract solicitation for products and services that they are capable of providing.

- Ensuring that subcontract procurement “packages” are designed to permit the maximum possible participation of diversity firms.
- Reviewing subcontract solicitations to remove statements, clauses, etc., which might tend to restrict or prohibit diversity firm participation.
- Ensuring that the subcontract bid proposal review board documents its reasons for not selecting any low bids submitted by diversity firms.
- Overseeing the establishment and maintenance of contract and subcontract award records.
- Attending or arranging for the attendance of company counselors at Small Business Opportunity Workshops, Emerging Business Enterprise Seminars, Trade Fairs, etc.
- Directly or indirectly counseling diversity firms on subcontracting opportunities and how to prepare bids to the company.
- Providing notice to subcontractors concerning penalties for misrepresentations of business status as diversity firms for the purpose of obtaining a subcontract that is to be included as part or all of a goal contained in AT&T 's subcontracting plan.
- The process of providing notice to companies for misrepresentation of business status was used during the period that diversity programs were accepting "self-certification" as a determining factor. AT&T no longer reports results from suppliers who are not certified by agencies with rigorous verification standards (i.e., CPUC Clearinghouse, NMSDC, and WBENC). In addition, for the federal government reporting, AT&T also uses an electronic comparison of the ProNet database to identify spend with diversity firms.
- Conducting or arranging training for purchasing personnel regarding the intent and impact of Section 8(d) of the Small Business Act on purchasing procedures.
- Developing and maintaining an incentive program for buyers who support the subcontracting program.
- Monitoring the company’s performance and making any adjustments necessary to achieve the subcontract plan goals.
- Preparing and submitting timely reports.
- Coordinating the company’s activities during compliance reviews by Federal agencies.

Equitable Opportunity

Efforts by AT&T to assure that diversity firms have an equitable opportunity include, but are not limited to:

A. Outreach efforts to obtain sources by:

- Contacting minority and business trade associations.
- Contacting business development organizations.
- Requesting sources from the Small Business Administration’s ProNet System.
- Attending minority and woman-owned Business procurement conferences and trade-fairs.

B. Internal efforts to guide and encourage purchasing personnel:

- Presenting workshops, seminars and training programs.
- Establishing, maintaining and using diversity firm source lists, guides and other data for soliciting subcontracts.
- Monitoring activities to evaluate compliance with the subcontracting plan.

C. Additional efforts:

- Work closely with major suppliers to develop value added resellers (VARs) for diversity firms.

Record Keeping

A description of the types of records that are maintained concerning procedures adopted to comply with the requirements and goals in the plan, including established source lists; and a description of the AT&T's efforts to locate diversity firms and to award subcontracts to them.

These records include, but are not limited to, the following:

- Diversity firm source lists, guides, and other data identifying such vendors.
- Organizations contacted for diversity firms.
- On a contract-by-contract basis, records on all subcontract solicitations over \$100,000 which indicate for each solicitation:
 - whether small business concerns were solicited, and if not, why not;
 - whether disadvantaged business concerns were solicited, and if not, why not;
 - whether woman-owned business concerns were solicited, and if not, why not; and
 - reasons for the failure of the above to receive the subcontract award.
- Records to support other outreach efforts, e.g., contracts with minority and small business trade associations, attendance at small, minority, and woman-owned business procurement conference and trade fairs.
- Records to support internal activities to:
 - Guide and encourage purchasing personnel; e.g., workshops, seminars, training programs, incentive awards; and
 - Monitor activities to evaluate compliance.
- On a contract-by-contract basis, records to support subcontract award data including the name, address and business size of each subcontractor.
- Other records to support compliance with the subcontract plan.

Timely Payments to Subcontractors

AT&T procurement process includes contract negotiated payment intervals, which ensures timely, mutually agreed upon payment terms and conditions. These processes ensure that diversity firms are paid in a timely fashion.

