

SUPPLIER ENGAGEMENT SCHEDULE

1. POLICY

Lumen's Supplier Engagement policy requires that all small businesses and/or Certified Diverse Suppliers have the maximum practicable opportunity to participate in providing deliverables, products and services to Lumen and its affiliates consistent with efficient contract performance.

2. TERMS

Capitalized terms contained in this document and not defined in the Agreement between Lumen and Supplier are defined in the definitions section herein, which includes general definitions related to Lumen's Supplier Engagement requirements.

3. DIVERSITY SUBCONTRACTING PLAN

All Prime Suppliers that provide services/products to Lumen that will result in spend equal to or greater than \$750,000 (or \$500,000 in the state of California) per contract or per calendar year must submit a Subcontracting Plan to Lumen Supplier Engagement team at supplierengagement@lumen.com within 45 days of the effective date of the relevant Agreement. A Subcontracting Plan may contain the following components:

- Supplier's Agreement Number and/or Statement of Work (SOW) Number
- Small business utilization and/or Supplier's Diversity policy statement
- Utilization goal(s) (can vary based on contract)
- Description of operational services and/or supplies to be subcontracted
- Methods used to identify and locate Certified Diverse Suppliers
- Methods used to develop Utilization goal(s)
- Efforts to provide subcontracting opportunities to Certified Diverse Suppliers
- Record keeping requirements
- Subcontracting Plan administrator's name and description of duties

See attached Exhibit 1 – Subcontracting Plan Example

4. UTILIZATION GUIDELINES

Under the Subcontracting Plan, a Supplier should attempt to utilize Small- and/or Certified Diverse Suppliers in support of its Agreement/SOW with Lumen whenever possible, with a Utilization Goal that is in line with their capability, not to produce harm to the Supplier. Lumen strives to maintain a yearly average of 23% total diverse procurement controlled spend. The attached Exhibit 2 lists Lumen's approved small business and/or diversity certification agencies.

5. GOOD FAITH EFFORT

Supplier must make a good faith effort to meet its Utilization Goal(s). If Supplier is not meeting its Utilization Goal(s), Supplier must provide to Lumen documentation of its efforts to meet the Utilization Goal(s). If Lumen reasonably determines that Supplier has not made a good faith effort (i.e. willfully or intentionally failing to comply with its Subcontracting Plan), Lumen will provide Supplier written notice that Supplier is in material breach of this

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Schedule.

6. REPORTING

Supplier will submit quarterly reports of all spend with its small business and/or Certified Diverse Suppliers providing 2nd Tier Direct and/or Indirect Spend.

- a. The Direct 2nd Tier Spend reporting will include the Supplier name, address, classification, and deliverable, Product or Service provided by each small business and/or Certified Diverse Supplier during the relevant quarter.
- b. The Indirect 2nd Tier Spend reporting involves a calculation to determine the Lumen share of Supplier's overall use of specific small business and/or Certified Diverse Suppliers.
- c. Supplier shall maintain the following records, which must be open to Lumen's inspection or audit:
 - Documentation of its subcontractors' diversity certification(s)
 - Source lists for small business and/or Certified Diverse Supplier firms
 - Organizations contacted for potential subcontracting relationship
 - Documentation to support award data

DEFINITIONS

The terms defined below are industry standard terms and the definitions are based on those developed by the Small Business Administration (SBA) for purposes of identifying Small Business Enterprises (SBE).

1. **"Certified Diverse Supplier"** means a supplier that has been certified by a qualified independent third party agency as a "Minority-Owned Small Business," "Service-Disabled Veteran-Owned Small Business," etc. or a small business that is controlled by one or more "socially and economically disadvantaged individuals," as those terms are used in 48 C.F.R. 2.101, 13 C.F.R. 124.1003 or California General Order 156.
2. **"Direct 2nd Tier Spend"** means Supplier's spend that is related to payments made to a Certified Diverse Supplier in provision of the deliverables, Products or Services being provided under the Agreement/SOW.
3. **"Indirect 2nd Tier Spend"** means Supplier's payments made to a Certified Diverse Supplier that it cannot directly relate to the deliverables, Products or Services being provided under the Agreement/SOW.
4. **"Prime Supplier"** means (1) a for-profit business, and (2) an ethnically non-minority owned or controlled enterprise regardless of size, that has headquarters and/or wholly owned subsidiaries physically located in the United States or its territories.
5. **"Small Business Concerns"** means one or more of the following:

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- a. **“Certified 8(a) Firm”** – A firm owned and operated by socially and economically disadvantaged individuals AND eligible to receive federal contracts under the Small Business Administration’s 8(a) Business Development program.
 - b. **“HUBZone Business”** a business concern that is small, located in a "historically underutilized business zone" (HUBZone), owned and controlled by one or more U.S. Citizens, and at least 35% of its employees reside in a HUBZone. For further information refer to <http://www.sba.gov/certifications>
 - c. **“LGBT-Owned Business”** a business that is at least 51 percent owned by a person that identifies as Lesbian, Gay, Bisexual or Transgender.
 - d. **“Minority-Owned Business Enterprise (MBE)”** a business that is (1) at least 51 percent owned by one or more minority individuals, or, in the case of a publicly owned business at least 51 percent of the stock is owned by one or more minority individuals; and (2) whose daily business operations are managed and directed by one or more minority owners. "Operate" means actively involved in the day-to-day management
 - e. **“Persons with Disabilities-owned Enterprise”** – A business that is at least 51 percent owned and/or controlled by one or more persons with a disability.
 - f. **“Service-Disabled Veteran-owned Enterprise”** – A business that is at least 51 percent owned and/or controlled by veterans with a disability that is service connected (disability was incurred or aggravated in the line of duty while active in military service).
 - g. **“Small Disadvantaged Business (SDB)”** – A business that is at least 51 percent unconditionally owned by one or more individuals who are both socially and economically disadvantaged (ethnic minority, physically disabled) AND qualifies as a small business under the size standards in 13 CFR part 121.
 - h. **“Veteran-owned Enterprise”** – A business that is at least 51 percent owned and/or controlled by one or more veterans.
 - i. **“Woman-Owned Business”** a business that is (1) at least 51 percent owned by a woman or women, or, in the case of publicly owned business at least 51 percent of the stock is owned by one or more women; and (2) whose daily business operations are managed and directed by one or more of the women owners. "Operate" means actively involved in the day-to-day management
6. **“Subcontracting Plan”** means the plan to carry out the providing of Certified Diverse Suppliers with the maximum practicable opportunity to participate in providing deliverables, Products and Services to the fullest extent consistent with efficient contract performance.
7. **“Utilization Goal”** means Supplier’s internal target percentages for Supplier’s use of Certified Diverse Suppliers in providing deliverables, Products and Services to Lumen.

LUMEN SUPPLIER ENGAGEMENT SCHEDULE

Exhibit 1

LUMEN SUBCONTRACTING PLAN EXAMPLE

Supplier Name: _____
Agreement/SOW #: _____
Subcontracting Plan Administrator: _____

Supplier will utilize small business and/or a Certified Diverse Supplier in the execution of this SOW or Agreement.

Suggested subcontracting goal for Certified Diverse Supplier utilization is at least 5% of total contract value. Supplier strives to provide expanded and new opportunities to increase total expenditures with Certified Diverse Suppliers.

A Subcontracting Plan may contain the following components:

- Supplier's Agreement Number and/or Statement of Work (SOW) Number
- Small business utilization and/or Supplier's Diversity policy statement
- Utilization goal(s) (can vary based on contract)
- Description of operational services and/or supplies to be subcontracted
- Methods used to identify and locate Certified Diverse Suppliers
- Methods used to develop Utilization goal(s)
- Efforts to provide subcontracting opportunities to Certified Diverse Suppliers
- Record keeping requirements
- Subcontracting Plan administrator's name and description of duties

Supplier agrees to identify Certified Diverse Supplier subcontractors by utilizing the certifying agencies in their region. Supplier will maintain on file Certified Diverse Supplier utilization data, records, and reports from the effective date and for a minimum period of three (3) years from the date of termination/expiration for the above referenced Agreement/SOW.

To assist Lumen in complying with its subcontracting goals, if Supplier currently provides any reports tracking the use of Certified Diverse Suppliers in the provision of Products or Services to any other customer, subject to confidentiality or other legal/contractual obligations or requirements, Supplier will provide these reports to Lumen when requested.

Exhibit 2

Lumen's Preferred Small Business and/or Diversity Certification Agencies

This list includes, but is not limited to, agencies from which Lumen will accept small business and/or diversity certifications.

Lumen accepts pre-existing certifications from other agencies provided the evaluation criteria complies with the definitions of Small Business Concerns as defined in this Schedule. Please note that for the Lumen Supplier Engagement Program, Lumen does **NOT** accept self-certification forms.

California PUC supplier certification www.cpuc.ca.gov/PUC/aboutus/bizcommunity.htm
National Association of Women Business Owners www.nawbo.org/
National Gay and Lesbian Chamber of Commerce www.nglcc.org
National Minority Supplier Development Council www.nmsdc.org
Office of Small and Disadvantaged Business/Minority Resource Center www.osdbu.dot.gov
Small Business Administration SBA 8(a) Program www.sba.gov
Women's Business Enterprise National Council www.wbenc.org
National Veterans Owned Business Association (NaVOBA) navoba.org/