



**Honest Components**

## **SUPPLIER DIVERSITY PROGRAM**

Honest Components places high value on the unique relationships we have with our customers and the diverse communities we serve. Diversity and inclusion (D&I) is an important responsibility in everything that we do. The Honest Components Supplier Diversity and Inclusion Program is designed to encourage the development of minority-owned, women-owned, veteran-owned, LGBTQ-owned businesses, as well as SBA-defined small businesses (“Diverse Suppliers”). We view supplier diversity as a strategic business advantage and a component of our D&I strategy. Our commitment to this mission reinforces our corporate values while visibly demonstrating our support for equal business opportunity.

### **Our Vision:**

To integrate Supplier Diversity and Inclusion in the Honest Components procurement process and establish and maintain excellent supplier relationships with Diverse Suppliers in the communities we serve.

### **Our Mission:**

To establish and implement a sustainable Supplier Diversity and Inclusion program that creates value by:

- Promoting the sourcing of goods and services from high performing, competitive Diverse Suppliers;
- Monitoring and measuring the Supplier Diversity and Inclusion Program effectiveness; and
- Participating in outreach programs/activities to support Diverse Suppliers.

## Supplier Diversity and Inclusion-Frequently Asked Questions

### 1. What is a “Diverse Supplier”?

Diverse firms include small, women, minority, veteran, and LGBT-owned firms. Each firm represents a U.S. citizen that has been certified as (a) small or (b) minority, or (c) women, (d) veteran or other diverse owner(s).

### 2. What qualifies a business as minority owned?

A Minority Business Enterprise (MBE) is a business that is at least 51 percent owned/operated/controlled by one or more persons who are:

- African American
- Hispanic American
- Veteran
- Disabled Veteran
- Service-Disabled Veteran
- Asian –Pacific American
- Asian American
- Native American
- LGBTQ

### 3. What qualifies a business as woman-owned?

Woman Business Enterprise (WBE) is a business that is at least 51 percent owned/operated/controlled by one or more women.

### 4. What qualifies a “small business”?

A small business concern is eligible for assistance from the SBA (Small Business Association). It is organized for profit, with a place of business located in the United States. It must operate primarily within the United States or make a significant contribution to the U.S. economy through payment of taxes or use of American products, materials or labor. Together with its affiliates, it must meet the numerical size standards as defined in the Small Business Size Regulations 13 CFR 121.

### 5. What is the difference between a Tier I and Tier II supplier?

Tier 1 Suppliers contract directly with Honest Components to provide goods and services that support business operations. Tier 2 Suppliers are companies or service providers who provide goods or services to the Tier I supplier.

### 6. Does Honest Components track Tier II SDI spend?

No, Honest Components does not track Tier II Supplier Diversity spend.

**7. What is the difference between Direct and Indirect SDI spend?**

Direct spend are purchases for products and/or services that can be directly attributed to a customer purchase order. Examples would be subcontractors, materials, etc. that are used specifically for a given purchase order. Indirect spend are purchases for products and/or services which CANNOT be identified in support of a specific customer requirement but used to support Honest Components as a whole (for example, IT services, office supplies, janitorial services).

**8. Are you able to provide a supplier report on a regular basis (i.e., monthly or quarterly)?**

Yes, we can provide Indirect spend reporting (it does not include individual supplier information). Although the reporting is available on a quarterly basis...there is a one quarter gap between the end of the quarter and the availability of the report. I.E. Q1 diversity reporting is available at the end of Q2.

**9. What percentage of the revenue generated from customers' accounts goes to diverse suppliers?**

We typically do not share revenue data. These questions must be addressed to your business finance department.

**10. Please provide a list containing the names of your diverse suppliers.**

Honest Components does not share this information.

**11. Does Honest Components have a spend with diverse suppliers' commitment?**

No. The criteria used by Honest Components Global Procurement to select Diverse Suppliers are the same ones that are used to select all suppliers. This includes the ability to offer a product or service that is of high quality, competitively priced, available within the required timelines and that comes with an assurance of excellent customer service.

**12. What is "Certification"?**

Certification is a process that validates ownership of a diverse business to ensure against inaccurate reporting of spend data. The widely accepted practice to ensure certification defers to approved 3rd party organizations, regulatory agencies of government or national bodies including: The Small Business Administration, The Women's Business Enterprise National Council, The National Minority Supplier Development Council, and/or state, local and federal authorized agencies of government. To achieve certification, diverse businesses must complete a strict and formal documentation and site visit process.

**13. What does it mean to be certified as a Small Business?**

To be certified as a "Small Business" means that a company has officially been recognized by 3rd party organizations, regulatory agencies of government or national bodies including: The Small Business Administration, The Women's Business Enterprise National Council, The National Minority Supplier Development Council, and/or state, local and federal authorized agencies of government, as meeting the size standards set by the agency, which typically involves having a limited number of employees and annual revenue, depending on the industry, allowing them to access government contracts and programs specifically designed for small businesses; essentially, it's a verification that your business qualifies as "small" according to federal guidelines.

**14. What does it mean to be a "Classified" diverse or small business enterprise?**

Suppliers who just have the diversity category selected but don't have an active certificate or have an expired certificate.

**15. How can a supplier find out more information about getting certified?**

Information is available via the following third-party certifying groups:

- For Minority Certification, National Minority Supplier Development Council (NMSDC) at <http://www.nmsdc.org>
- For Woman Certification, Women's Business Enterprise National Council (WBENC) at <http://www.wbenc.org>
- For Veteran Certification OR Disabled Veteran Certification, Small Business Administration (SBA) at <https://veterans.certify.sba.gov/>
- For Small Business Certification, Small Business Administration (SBA) at <http://www.sba.gov>
- For LGBTQ certification, The National LGBT Chamber of Commerce (NGLCC) at <https://nglcc.org/>

Please note these third-party certifying groups are unaffiliated with Honest Components and the inclusion of their information here is not meant as an endorsement.

**16. Does certification ensure that a business owner will be able to do business with Honest Components?**

No. Certification helps companies to be considered for potential business with Honest Components; however, it does not guarantee they will obtain that business.

**17. What criteria does Honest Components Global Procurement use when selecting a supplier?**

The criteria used by Honest Components Global Procurement to select Diverse Suppliers are the same ones that are used to select all suppliers. This includes the ability to offer a product or service that is of high quality, competitively priced, available within the required timelines and that comes with an assurance of excellent customer service.

**18. Is Honest Components involved with recognized industry trade groups**

Yes, Honest Components is recognized by The Small Business Administration (SBA) at <http://www.sba.gov>

**19. Who do I contact with questions regarding the Honest Components Supplier Diversity program?**

Jacqueline Schwab, [Jackie@HonestComponents.com](mailto:Jackie@HonestComponents.com) or call 813-291-0242