



Supplier Diversity

Tier 2 Reporting Process

Supplier Diversity Development

- Definition

Supplier Diversity Development is a business program that encourages the use of: *minority owned, women owned, veteran owned, LGBT owned, service disabled veteran owned, historically underutilized business*, and SBA defined *small business* vendors as suppliers.

- Why does Lilly support *Supplier Diversity Development*?

- Commitment to seek out and work with small and diverse suppliers
- Community Engagement
- Compliance to our annual government goals
 - Lilly is a federal government contractor
 - We have small business spend goals to meet

Lilly Tier 2 Program

- What is Tier 2 to Lilly?
 - Tier 1 suppliers contract with Lilly directly
 - Tier 2 is any supplier, regardless of type or size, that is contracted through a Tier 1 supplier to Lilly.
- Why Tier 2?
 - Lilly is a prime contractor to the government
 - Government has “Flow-Down requirements”

A prime contractor's subcontractor is referred to as the first-tier subcontractor. The OTSB prime contractor must flow-down the Subcontracting Plan requirements to all subcontractors (except small businesses) who receive a single order or subcontract in excess of \$650,000 for goods and services, or \$1.5 million for construction of a public facility. An OTSB prime contractor with a

Small/Diverse Categories

SBE	Small Business Enterprise	Self Certification.
SDB	Small Disadvantaged Business	SBA 8(a) Certification or Self Certification.
WOSB	Women-Owned Small Business	Self Certification.
VOSB	Veteran-Owned Small Business	Self Certification / VA Registration.
SD-VOSB	Service Disabled Veteran-Owned Small Business	Self Certification / VA Registration.
HUB	HUBZone Business	SBA HUBZone Certification.
MBE	Minority Business Enterprise	By affiliates of National Minority Supplier Development Council, or by City/State.
WBE	Woman Business Enterprise	By Women's Business Enterprise National Council (WBENC), or by City/State.
LGBT	Lesbian, Gay, Bisexual or Transgender owned Business	By National Gay and Lesbian Chamber of Commerce (NGLCC)

Why Partner with Lilly on Tier 2?

- We cannot do it alone
 - Need the unique opportunities that YOUR company can provide to qualified small/diverse businesses
- Left un-addressed, these challenges will diminish competitive access to opportunities for qualified small/diverse businesses
- We view YOU as our partner willing to share the responsibility to ensure growth in the market place
- Your partnership will strengthen our supply chain management process and increase both our competitive advantages

Tier 2 Reporting Methods

Determine a win-win method that work for both *YOU* and *Lilly*.

- Direct Method

Report the spend \$\$ and names of small and diverse suppliers that you subcontract with on Lilly business

- Indirect Method

Determine what percent the Lilly sales revenue is to your overall sales, and then multiply that percentage by your diversity spend amount for each small/diverse category

Example

If you don't subcontract out much Lilly business, the "Indirect Method" should be used since you might use some small/diverse businesses for general support (i.e. janitorial services, office supplies, catering...)

Direct Method (sample screen)

Quarterly Spending

Please report supplier spend in one category to ensure that your spend is not misrepresented. If suppliers fall within multiple diverse(MBE/WBE/GLBT) and small (SBE/SDB/WOSB/VOSB/SDVOSB/HubZ) categories only report spend in one category. Suggested guideline report: all minority suppliers in MBE, large non-minority and women suppliers in WBE and all non-minority small suppliers in small categories. If you are a contractor with the federal government please report spend in the respective small category (SDB/WOSB/VOSB/SDVOSB/HubZ), otherwise report all small spend in the SBE category.

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total YTD
Total Minority Business Enterprise		\$100000			\$0.00
Total Woman Business Enterprise		\$25000			\$0.00
Total Gay Lesbian Bi-sexual Transgender		\$0			\$0.00
Total Small Owned Business		\$0			\$0.00
Total Small Disadvantaged Business		\$0			\$0.00
Total Woman-Owned Small Business		\$0			\$0.00
Total Veteran-Owned Small Business		\$0			\$0.00
Total Service Disabled Veteran-Owned Small Business		\$100			\$0.00
Total Historically Under Utilized Business Zones		\$125			\$0.00
TOTAL SPEND (individual quarter)	\$0.00	\$0.00	\$0.00	\$0.00	
Total YTD Spend (cumulative qtr spend)	\$0.00	\$0.00	\$0.00	\$0.00	

Top 5 Suppliers for the Current Quarter

Minority Business Enterprise

1 ABC Co 2 XYZ Inc 3 4 5

Woman Business Enterprise

1 WIN Inc 2 3 4 5

Gay Lesbian Bi-sexual Transgender

1 2 3 4 5

Indirect Method (sample screen)

Sales Revenue

Please report supplier spend in one category to ensure that your spend is not misrepresented. If suppliers fall within multiple diverse (MBE/WBE/GLBT) and small (SBE/SDB/WOSB/VOSB/SDVOSB/HubZ) categories only report spend in one category. Suggested guideline report: all minority suppliers in MBE, large non-minority and women suppliers in WBE and all non-minority small suppliers in small categories. If you are a contractor with the federal government please report spend in the respective small category (SDB/WOSB/VOSB/SDVOSB/HubZ), otherwise report all small spend in the SBE category.

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total YTD
Your Company's Total Sales Revenue		\$100000			\$0.00
Sales Revenue from Lilly Business		\$50000			\$0.00
Revenue from Lilly Business as a Percentage of your company's Total revenue	0.00%	0.00%	\$0.00	\$0.00	0.00%

Amount Spent with Diverse Suppliers by Your Company by Category

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total YTD
Minority Business Enterprise		\$25000			\$0.00
Woman Business Enterprise		\$0			\$0.00
Gay Lesbian Bi-sexual Transgender		\$0			\$0.00
Small Owned Business		\$0			\$0.00
Small Disadvantaged Business		\$0			\$0.00
Woman-Owned Small Business		\$2500			\$0.00
Veteran-Owned Small Business		\$0			\$0.00
Service Disabled Veteran-Owned Small Business		\$0			\$0.00
Historically Under Utilized Business Zones		\$0			\$0.00
Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Indirect Spend Attributable to Lilly Business by Category

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total YTD
Minority Business Enterprise	\$0.00	\$0.00			\$0.00
Woman Business Enterprise	\$0.00	\$0.00			\$0.00
Gay Lesbian Bi-sexual Transgender	\$0.00	\$0.00			\$0.00
Small Owned Business	\$0.00	\$0.00			\$0.00

Tier 2 Reporting Process

- Our data portal is managed by *Hibbert*
- E-mail notification will come from Hibbert
 - Sender email: Lillytier2spend@hibbertgroup.com
- Email contact for your company
 - One per Tier 1 supplier
 - Individual responsible for data submission
 - He/she will receive ALL data reporting communication

Tier 2 Reporting Timeline

- Data reporting on a QUARTERLY basis
- Timeline

Responsible Parties	Task	Timing	Example <u>Q3 '15 report</u>
Hibbert	Send the initial message to all suppliers about quarterly submission, with a Due Date of the 25th of the month	1st day after quarter stop	10-1-2015
Hibbert	Open the portal for data submission	1st day after quarter stop	10-1-2015
Suppliers	Start the data submission	after the portal open, until the 25th	start 10-1-15
Hibbert	Send a past-due notification to suppliers and inform of the portal closure on the 30th, <u>cc: Lilly sourcing associates</u>	26 days after quarter stop	10-26-2015
Past-due Suppliers	Continue with data submission	through the 29th	by 10-29-15
Hibbert	Close the portal	30th day after quarter stop	10-30-2015
Hibbert	Compile data and submit final report to Lilly	32nd day after quarter stop	11-1-2015

Action Requested

- Inform your Lilly Sourcing Associate of the following
 - Your Reporting Method
 - Name and Email Address for the reporting representative for your company
- Questions?
 - Contact your Lilly Sourcing Associate
 - Contact Shirley Tang-Audritsh (Lilly Supplier Diversity Program Manager) at tang-audritsh_shirley@lilly.com