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December 30, 2013

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Public Utility Commission of Texas
1701 N. Congress Avenue
Austin, TX 78711

Subject: PROJECT NO. 30240 – ANNUAL PROGRESS REPORT ON FIVE-YEAR PLAN
TO ENHANCE SUPPLIER AND WORKFORCE DIVERSITY FOR VERIZON

Enclosed for filing are four (4) copies of the Annual Progress Report on the implementation of the Five-Year Plan to Enhance Supplier and Workforce Diversity for Verizon. Pursuant to PURA 52.256(c)(7) Verizon is providing an update of the 5-Year Plan (2000-2004) for year ending 2013. Verizon is also providing confidential information with this report which is being filed under separate seal.

Consistent with the requirements of these rules, copies of this report are also being provided to the Governor, Lieutenant Governor, Speaker of the House and the respective Chairmen of the Senate Hispanic Caucus, House Mexican-American Legislative Caucus, and the House Legislative Black Caucus.

If you have any questions pertaining to this report, please contact Gregg Diamond at (972) 718-3504.

Sincerely,

Orville Douglas Fulp
Vice President Regulatory & Governmental Affairs

ODF:gd

- c: The Honorable Rick Perry (w/o proprietary attachment)
The Honorable David Dewhurst (w/o proprietary attachment)
Speaker of the House of Representatives (w/o proprietary attachment)
The Honorable Carlos Uresti (w/o proprietary attachment)
The Honorable Sylvester Turner (w/o proprietary attachment)
The Honorable Trey Martinez Fisher (w/o proprietary attachment)

2252

**Verizon Communications
Texas PURA
Supplier Diversity Plan
(2000 – 2013)
PROJECT NO. 30240**

Update 2013

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2013 Update: Supplier Diversity Plan 2000-2013

Update 2013

Initiatives, programs, and activities Verizon Communications will pursue during the next year to increase the diversity of its contracting opportunities for minority and women-owned businesses (historically underutilized businesses "HUBs").

Summary

Diversity is viewed as a "Core Value" in Verizon Communications and this commitment is reflected throughout the entire organization including the procurement process. For Verizon Southwest, HUB share of total spend was 34% 2013 (October 1, 2012- September 30, 2013). The results reflect both the challenges and successes of our ongoing diversity commitments and advocacy efforts in 2013, with goals for increasing business opportunities and economic inclusion for all diverse suppliers.

I - Initiatives

Corporate Policy

Verizon does not have a "set aside" program for HUBs and bases its procurement practices on a competitive bid process. Verizon believes that minority and women business owners are fundamentally competitive and can deliver valuable and cost-effective products and services. To this end, it is our policy to offer HUBs maximum opportunity to compete on an equal basis with all other suppliers in our strategic sourcing process. In doing so, Verizon seeks to instill sustainable business with HUBs, while obtaining the necessary products and services for the corporation at a competitive cost.

Management Accountability

The management team at Verizon communicates its commitment to diversity procurement by delivering annual and quarterly results throughout the corporation. The Supplier Diversity team of managers continually communicate Verizon results both internally and externally to increase awareness of our diversity procurement efforts. Managers within the organization are held accountable for diversity procurement results. Verizon has re-aligned its compensation approach through its Diversity Performance Index (DPI).

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A percentage of the bonus compensation of executives is tied specifically to supplier diversity procurement. In addition, supplier diversity results are a selection criteria for suppliers and prime vendors who are involved in the competitive bid process during the Sourcing and Procurement process..

Mission Statement

Supplier Diversity is an integral part of Verizon's Diversity Strategy to support economic development of the communities where it does business and to develop products and services that appeal to its diverse customer base. Verizon's CEO and other senior management will continue to communicate our commitment to expand opportunities for historically underutilized businesses. Verizon embraces the following mission statement for Supplier Diversity:

"Verizon has a strong commitment to diversity. That commitment extends to our supplier relationships. Supplier Diversity is also critical to Verizon's success in a competitive marketplace. It builds customer loyalty, stimulates economic growth, and taps into the innovation and entrepreneurship we need to compete for new growth in the market. By including small, dis-advantaged, Minority, Women, Veterans and Persons with Disability-owned business enterprises (MWDVBEs) in our supplier chain, we accomplish two goals at once. We position our business for mutually beneficial success - and we contribute to the economic prosperity of the communities we serve."

Outreach

In order to advance the supplier diversity message, both internally and externally, Verizon takes a strategic approach to establishing and building relationships with HUBs and the organizations that supports them:

- Verizon has regular participation in business development trade fairs and other networking functions where potential suppliers have direct access to Verizon procurement professionals.
- Verizon employees play active and leadership roles in support of advocacy groups such as the National Minority Supplier Development Council at the national and local levels. Included are Board memberships, event sponsorship and active committee participation.
- Verizon's award winning supplier diversity website is easy to find from the homepage of the company's consumer site. At the site, Verizon's potential suppliers can register with us and view upcoming projects.

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- Verizon regularly participates in business development conferences and frequently coaches diverse suppliers on “How to do business with major corporations”, including “Best Practices” for improvement.
- We will continue to participate and/or sponsor small and diverse business outreach programs in Texas. In 2013 these included the following:

ORGANIZATION	ACTIVITY/EVENT/LOCATION
Women's Business Council - Southwest	Sponsorship of the Round-Up Trade show and Luncheon, Annual “Harvesting Partnerships” Sponsorship, New Members Orientation and Training Committee, Business Insights sponsorship, Sustaining Corporation Board Membership, Sponsor for “Power to Potential” Networking event. Contributor to the Lillian Knox Investing for Growth Fund for Small Business Development/Capacity Building. Arlington, TX
Greater Irving Chamber of Commerce	Supported their Business Connections matchmaking event. Conducted a “How to do Business w/Verizon” Presentation (by invitation)
Women President's Organization (WPO)	Sponsored (5) five Women Owned Businesses (3 based in Texas) and supported the WPO's National Conference which was held in Dallas, TX.
Texas Association of Mexican American Chambers of Commerce (TAMACC)	Sponsorships and Programs impacting entrepreneurs.
Texas One	Sponsorship and Support
Chinese Engineers	Sponsorship and Support
Senate Hispanic Research Council	Sponsorship and Support
Mexican American Legislative Leadership	Support
University of TX-Pan American Foundation	(Hispanic STEM)
TX Legislative Black Caucus	Support
Latina Cultural Center	Sponsorship and Support

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TX Southern University	African American Student internships
Senate Hispanic Research Council	Sponsorship and Support
Dallas Black Chamber of Commerce	Sponsored the 29th annual Quest for Success Luncheon, 16 th annual Excellence in Education Luncheon (provided scholarships to S.T.E.M. Graduating Seniors), sponsored the 24th annual Golf Tournament, and 87th Annual Awards Banquet
Fort Worth Metropolitan Black Chamber of Commerce (FWMBCC)	21st Annual Women's Business Conference & Eagle Awards Luncheon, 33rd Annual Business Awards Luncheon, and the 19th Annual Circle of Excellence Black Tie Scholarship Gala.
D/FW Minority Business Development Council	Board member, sponsored Access '13 Conference and Tradeshow (including Marketing Madness Technology Showcase), Certification Committee participation, Supplier Diversity Professional Development Committee, "Buy Those Who Buy From Us" recognition event and capacity building scholarship fund, DFW Hard Hat Construction Expo, Telecom Industry Group (TIG) Committee member, Annual Golf and Tennis Scholarship Invitational sponsor, Supported the Quarterly Buyers Appreciation Luncheons (shared best practices and supported the State of Procurement Panel), Nominated for Corporate Advocate of the Year, Supported two Corporate Connections, received Mega deal recognition, submitted "Success Story" and received recognition in program booklet, sponsored annual E Awards, member of Production Committee, and Government Contracting Event. Dallas, TX
US Pan Asian Chamber of Commerce Dallas, TX (USPACC-SW)	Sponsored the Annual Asian Business Expo and Tradeshow, Arlington, TX. Member of Corporate Advisory Board and Executive Board. Supported the 12 th annual Lunar New Year Good Fortune Celebration Honoring the Top Ten Asian American businesses, Hosted the "View from the Top" Panel, Business Match Making sessions, including planning, coordination and onsite management. Presented and Championed the

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	"Leadership Series" which included a "How to Do Business With Verizon and Supplier Best Practices" seminar.
Greater Dallas Hispanic Chamber of Commerce	Sponsorship, elected to Board of Directors, and supported their 20 th Annual Quality and Excellence Entrepreneur Award Gala.
Boys and Girls Club (Collin County)	Sponsored and supported the Robotics program with Verizon IT volunteers. Youth from Frisco, McKinney, and Plano were included.
United States Hispanic Chamber of Commerce	Sponsorship, board membership, national tradeshow, and entrepreneur/business development programs.
Urban League	Sponsored the Annual Meeting Luncheon, and Board Membership. Supported the Young Professionals Business Conference as a corporate sponsor and panelist.
WBE Hall of Fame	Sponsored Induction Ceremony which honored exemplary achievement and business leaders.
Premier Supplier Academy	Conducted (2) two small business technical capacity building and educational seminar on "How to do business Workshop with Verizon and our Prime Temp Labor/Contingent Worker Program Supplier and our Real Estate Organization in order to increase/drive 2 nd tier opportunities for diverse suppliers. Local Dallas/Ft. Worth based suppliers were included in these "By invitation only" events, as well as invited to attend additional Premier Supplier Academy events held in New Jersey, and CA.

II - PROGRAMS

Resources

The Supplier Diversity program is led by a Director and is a part of the Verizon Corporate Sourcing & Procurement department.

The Supplier Diversity team is responsible for:

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- Interfacing with internal product and service procurement groups and cross-functional teams to access buying requirements and to identify opportunities for HUBs.
- Partnering with advocacy groups to recruit HUB suppliers.
- Encouraging and supporting the utilization of HUBs.
- Identifying and verifying supplier information.
- Establishing the corporate strategy and utilization goals.
- Tracking, monitoring and reporting the performance and expenditures of prime suppliers and HUBs.
- Training and creating an increased awareness in buying and user organizations.
- Encouraging and assisting prime suppliers in developing plans to increase the use of HUBs as subcontractors.
- Managing and facilitating Verizon's outreach program.

In 2013 our Supplier Diversity team:

1. Continued to lead the Supplier Diversity Program efforts towards expanding the Supplier Diversity initiative which includes the development of corporate-wide objectives, best practices, and resources.
2. Issued detailed quarterly reports showing progress towards corporate-wide objectives for all major business units.
3. Reviewed buyers' business plans for all major product/service categories to ensure inclusion of supplier diversity growth objectives.
4. Established Supplier Diversity objectives for all major requests for proposals (RFPs) and include Supplier Diversity team members on key cross functional teams charged with supplier selection.
5. Continued to develop innovative outreach programs such as our recognized free resources to small businesses such as our Small Biz Blog (www.verizon.com/smallbusinessblog) which is an online web-based resource for small businesses to learn about Verizon products and services while accessing information to help them build and/or improve their businesses. We also have a Verizon Webinar Series which brings experts directly to small businesses. The

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Verizon Author Series includes featured authors who offer tips in a guest blog as well as make themselves available on the social media sites (i.e. twitter). We also expanded our "Premier Supplier Academy "How to Do Business Workshops" nationally, conducted Best Practice seminars, provided coaching and development for small business owners, and shared resources for 3rd Party certification and upcoming advocacy and outreach events.

6. Continued our strong commitment to and participation in key supplier diversity advocacy organizations.
7. Continued to expand our "second tier" program with Prime Suppliers to develop industry-based inclusion opportunities whereby major OEMs and services suppliers re-engineer their internal processes incorporating HUB suppliers to serve multiple customers. We held "Supplier Summits" and "How To Do Business Workshops" with major OEMs to assist them with growing their supplier diversity programs, while facilitating the introduction of qualified and competitive MWDVBES for inclusion. We also reviewed their 2nd Tier reports quarterly for areas of improvement and gap closure in 2013.
8. Worked with telecommunications industry groups such as the Telecommunications Industry Group (TIG) and the Quest Forum to establish best practices and quality standards for Supplier Diversity.
9. Continued/expanded our "in-reach" strategy to provide Supplier Diversity training/education to Verizon's personnel who influence or make supplier selection and/or buying decisions. This included the creation and conducting of Supplier Diversity Training via road shows, conference calls, web cast, and operational reviews.
10. Continued to identify opportunities to re-engineering/transforming our supply chain procurement and sourcing processes to expand opportunities for inclusion.
11. Recognized and awarded Supplier Diversity Champions who supported the inclusion of small and diverse businesses within our supply chain.

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III - ACTIVITIES

In-reach strategy

Verizon will continue to expand its in-reach strategy to develop business opportunities internally for HUB firms. Our activities will include:

- Supplier Diversity Managers attendance at Business Unit staff meetings to provide Supplier Diversity training and to review our current objectives.
- Our Supplier Diversity results will be communicated during Sourcing and Procurement staff meetings to drive performance and awareness.
- Our Supplier Diversity Team will work with key decision makers and stakeholders to establish corporate-wide objectives and drive the inclusion of diverse suppliers.
- Educational sessions will be conducted with cross-functional end user organizations and Sr. Leadership to encourage inclusion of HUBs in high tech and non-traditional areas.
- Supplier Diversity Managers will be members of all strategic functional teams (CFTs) charged with selection of suppliers. Specific focus on opportunities for direct and/or “second tier” awards.
- Supplier Diversity results will continue to be reviewed each quarter with senior Verizon leaders.
- Continue to support Verizon leadership’s message that Supplier Diversity commitment is critical and integral to Verizon’s success.
- Expand the utilization of our internal website as a resource for supplier referrals and a “tool kit” for buyers and cross-functional teams.
- Ongoing improvement and development of our external website to increase outreach effectiveness.

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- Continue to recognize Verizon employees' contributions to Supplier Diversity as "Champions".
- Engage senior executives to active participation in business development outreach activities. This includes speaking engagements, networking seminars, industry panels, and sponsorships.
- Consistently communicate the Supplier Diversity goals, program initiatives, and accomplishments.
- Provide post RFP feedback and coaching to improve the supplier's bid responses for future opportunities.