



FIFTH THIRD BANK

Supplier Diversity Training Toolkit



Intent of Supplier Diversity Toolkit

The intent of this toolkit is to provide an overview of supplier diversity if you are a new buyer, new vendor, or in need of a refresher regarding this subject matter, this tool can help you.

The Strategic & Business Imperative

“There are no participation trophies when it comes to doing what is right, and there is no question that diversity is right for the health and vitality of our economy.”

Tim Spence, President and CEO

Supplier Diversity....

Promotes innovation through the introduction of new and innovative products, services and solutions.

Introduces multiple sources from which to procure goods and services.

Drives competition (on price and service levels) between existing and prospective suppliers.

Allows the Bank to take advantage of new opportunities for business expansion with the emergence of new consumer needs.

Showcases the Bank's interest in, and commitment to, the economic growth of all communities.

What is Supplier Diversity?

Diverse Supplier Definition

U.S. Only

A for-profit business, headquartered in the U.S. or its trust territories, that is at least 51% owned, operated and controlled by a United States citizen who is an ethnic minority, non-ethnic woman, veteran, LGBTQ+ person or person with disability.

Globally

A for-profit business, headquartered outside of the U.S., that is at least 51% owned, operated and controlled by a woman or minority.

U.S. Diverse Group Certifications

Minority Business Enterprises (MBEs)

- Black or African American.
- Hispanic, Spanish or Portuguese-speaking areas of Latin American or the following regions: Mexico, Central America, South America and the Caribbean basin.
- Native American, American Indian, Eskimo, Aleut and Native Hawaiian.
- Asian Pacific, Japan, China, Taiwan, Korea, Vietnam, Laos, Cambodia, the Philippines, Samoa, Guam, the U.S. Trust Territories of the Pacific or the Northern Marianas.
- Asian Indian, India, Pakistan and Bangladesh.

Women Owned Business Enterprise (WBE)

Veteran Owned Business Enterprise (VBE)

Lesbian, Gay, Bisexual, Transgender, Queer-Owned (LGBTQ+)

Persons with Disabilities (PWD)

Small Business Enterprise (SBE)

What is Tier1, Tier2, and Tier3 Spend?

Tier 1 Spend

1st tier spend is buying directly from a diverse supplier for services that directly fulfill a Fifth Third Bank contract. This spending must be able to be traced directly to a diverse supplier for Fifth Third Bank. This spend qualifies as 100% diversity spend to Fifth Third Bank.

Tier 2 Spend

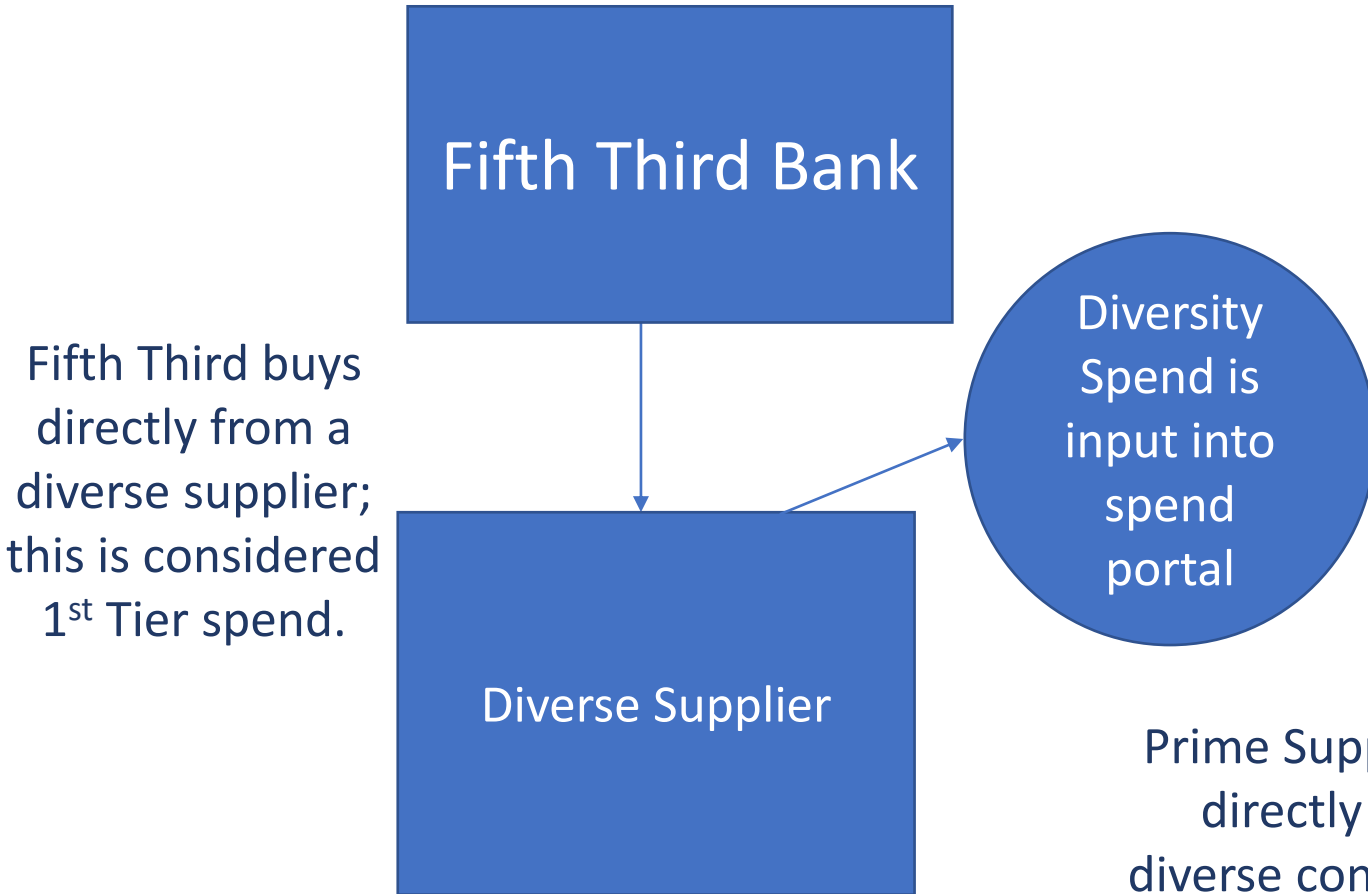
2nd Tier spend is when Fifth Third Bank buys services directly from a 1st Tier or majority supplier, and the 1st Tier or majority supplier then uses a diverse supplier on Fifth Third's behalf, reporting the spend as either direct or indirect.

Tier 3 Spend

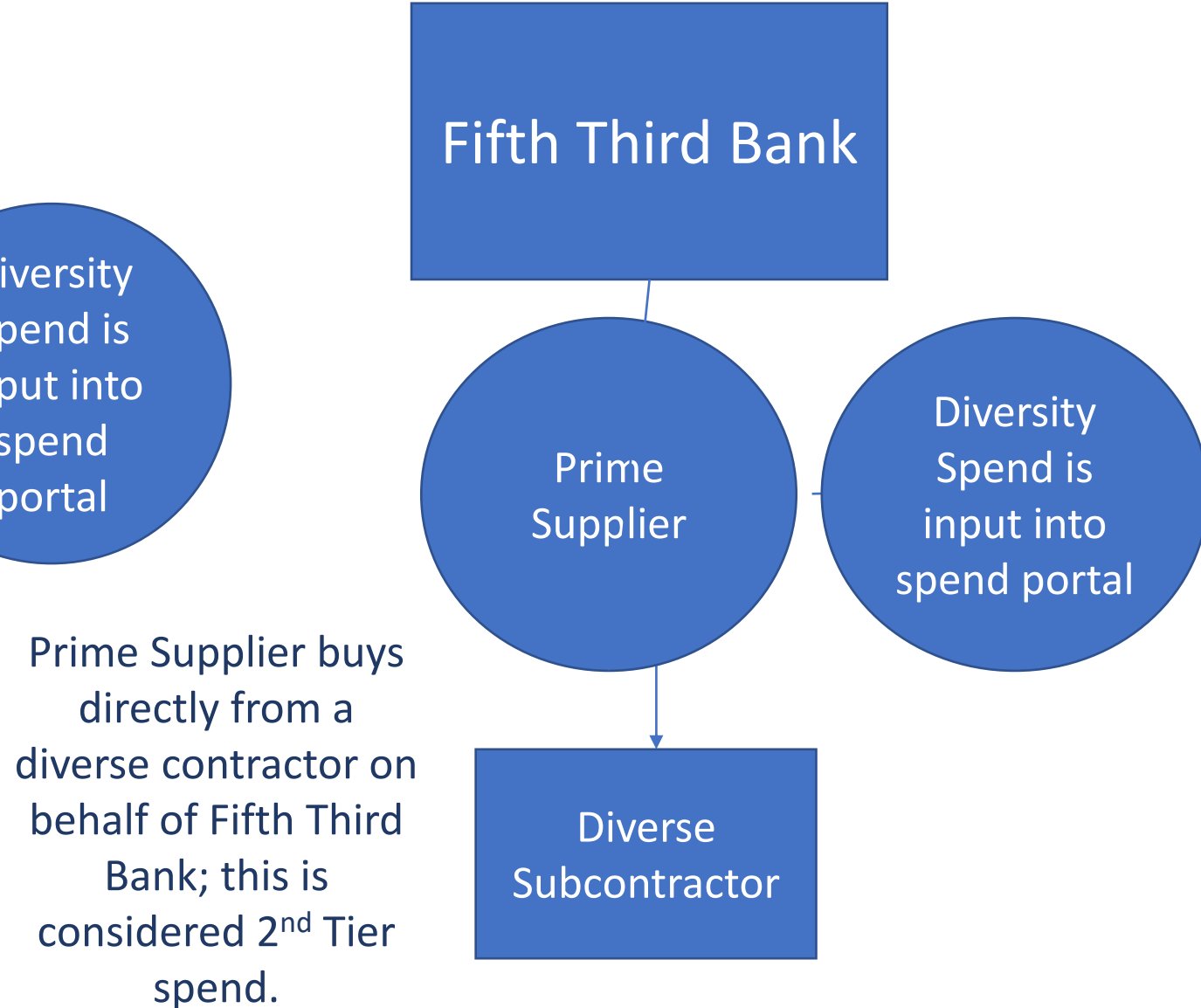
3rd Tier spend is when Fifth Third Bank buys directly from Coldwell Banker Richard Ellis (CBRE) or a general contractor, they secure services from a 2nd Tier supplier, and then the 2nd Tier supplier secures services from a diverse subcontractor performing work on behalf of Fifth Third Bank.

Examples of 1st & 2nd Tier Spend Direct Spend

1st Tier Spend



2nd Tier Spend



Example of Tier 2 Indirect Spend

Tier 2 Diverse Indirect Spend

Spend with diverse suppliers that supports Fifth Third's Tier 1 company's operations as a whole; for instance, a woman-owned janitorial service. This spend is not directly associated with our Tier 1 company's contract with Fifth Third.

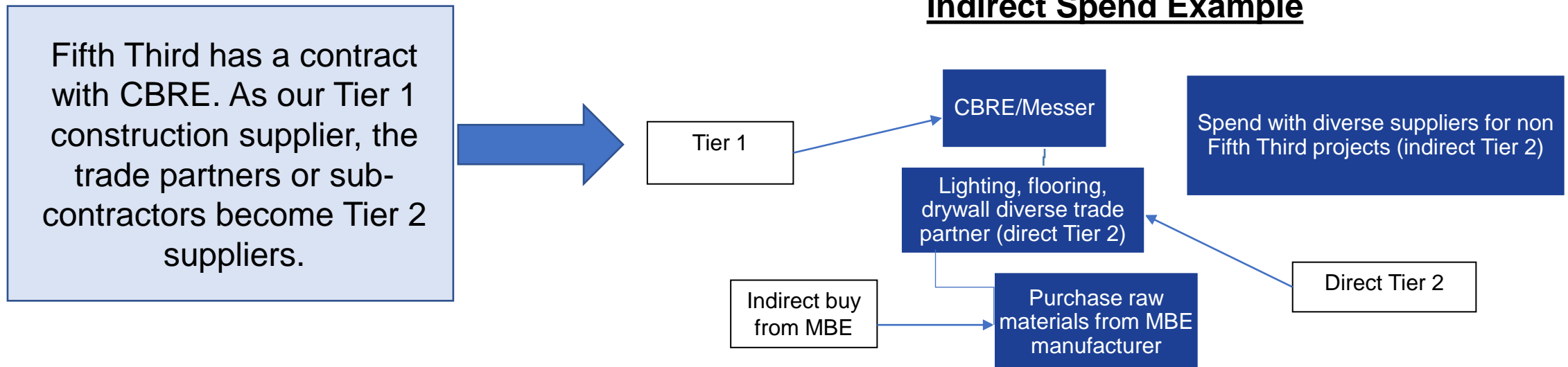
Verified

- Spend reported against suppliers that are certified by the customer's approved certification agencies (i.e., National Minority Supplier Development Council (NMSDC), Women's Business Enterprise National Council (WBENC), etc.)

Unverified

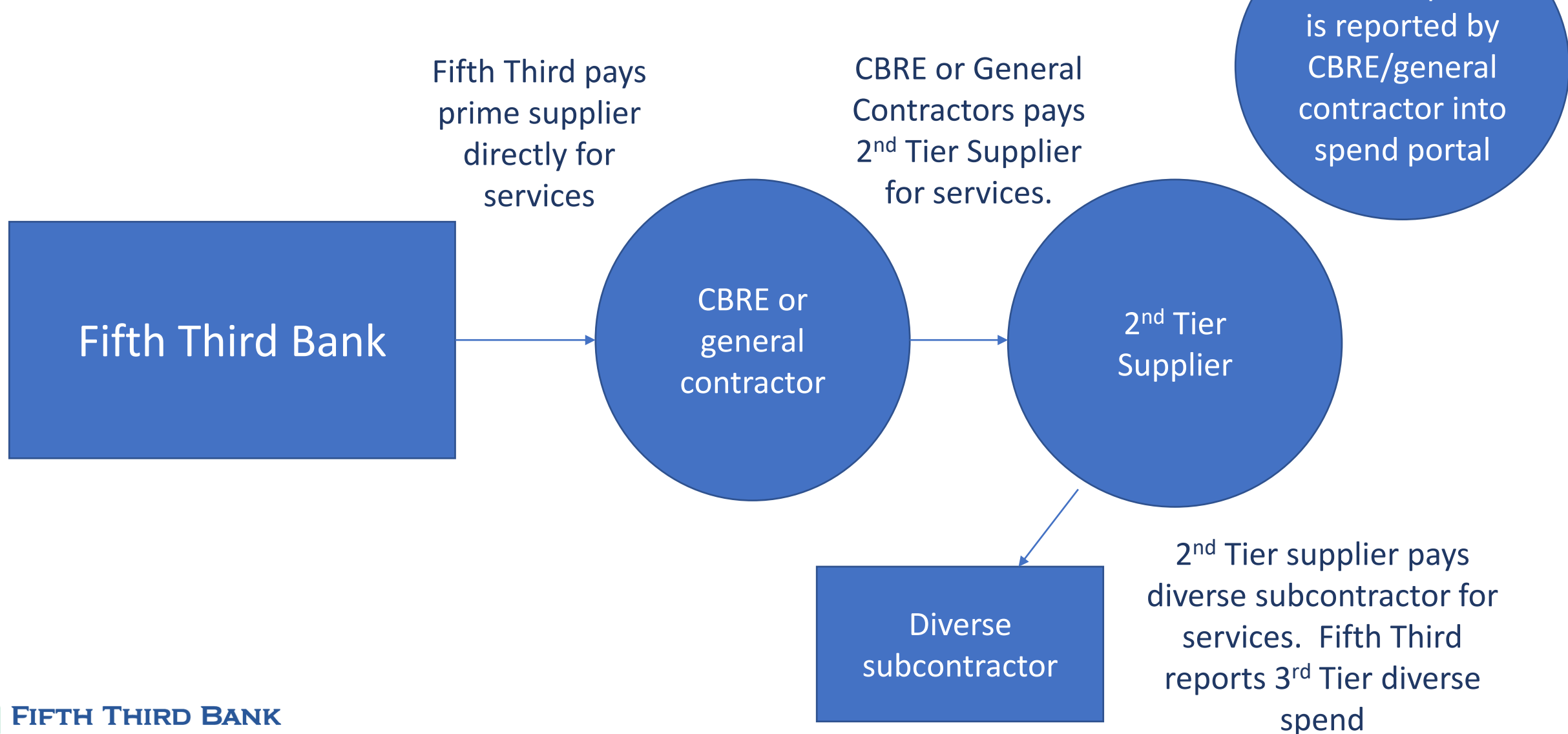
- Spend reported against suppliers that are NOT certified.

Indirect Spend Example



Example of 3rd Tier Spend

3rd Tier Spend



What is Certification?

Certification Definition

Supplier diversity certification occurs through a third-party [certification agency](#), usually, an organization that promotes the development of minority-owned and/or [small businesses](#). The process involves documentation, screening, interviews and possibly on-site visits to confirm that the business is diverse.

Benefits of Certification

- Provides validation of diversity status.
- National certification.
- Access to key corporate decision makers.
- Networking with other certified minority entities via advocacy group.
- Inclusion in national databases sourced by more than 1,400 corporations.
- Executive education programs, development and training.
- Invitations to special corporate events.
- Local and national business opportunity fairs.

What is Certification (Continued)

Certification Process

- Attend a pre-certification meeting.
- Complete an online application with supporting documentation.
- Submit application with processing fee.
- Desk audit and documentation review.
- Site visit interview.
- Certification committee application review.
- Certifying board of directors decision.
- MBE notification.
- Required virtual supplier orientation.
- Start engaging with certifying body.

Links to Certifying Organizations

National Minority Supplier Diversity Council
<https://nmsdc.org/>

Women's Business Enterprise Council
<https://wbenc.org/>

National LGBTQ Chamber of Commerce
<https://nglcc.org/>

Veteran Owned Small Business
<https://governmentservicesexchange.com/>

DisabilityIN
<https://disabilityin.org/>

Benefits of Certification

- Provides validation of MBE status.
- Access to key corporate decisionmakers.
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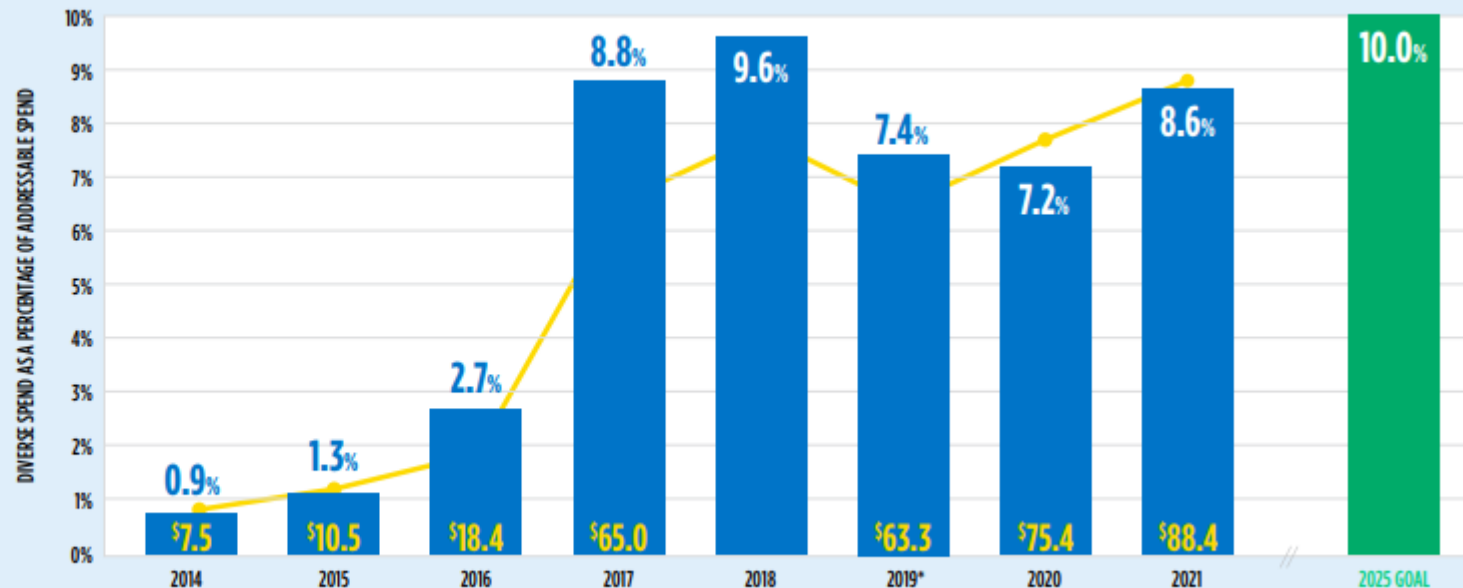
Fifth Third Bank Supplier Diversity Spend History

Fifth Third's Supplier Diversity Spend

Since the inception of the Supplier Diversity program, Fifth Third has grown its spending with diverse suppliers from **\$7.5 million in 2014 to \$88.4 million in 2021**.

■ % ■ \$ (in millions)

*Diverse spend was impacted in 2019 by a change of ownership of one of the Bank's certified women business enterprises as well as the impact of the acquisition of MB Financial, Inc.



Diversity Inclusion Support and Connection Opportunities for Vendor Empowerment (DISCOVER) launched in 2021 and improved awareness of business opportunities for certified minority businesses in the construction, design, repair and maintenance fields.

One of Fifth Third's Inclusion & Diversity Bold Goals is to achieve and sustain a 10% supplier diversity spend to increase supply chain inclusion.

Bank's Tier II diverse spending in 2021 increased 254% from \$7.3M in 2020 to \$25.8 million

Role & Responsibilities of Supplier Diversity Team

The Supplier Diversity leadership team provides education, training and development for minority-owned (MBE), veteran-owned (VOB), woman-owned and other small businesses in order to build a more robust pipeline, educate on the request-for-proposal process and support community organizations by providing technical assistance and training. Additional responsibilities include, but are not necessarily limited to:

- ✓ Support programs that assist diverse third parties in accessing capital and accessing the internal support to assist them in competing for Fifth Third's business on a fair and equal basis. Diverse providers should be considered for business unless none can be identified for the products or services being purchased.
- ✓ Reviews and approves Procurement RFX projects within TrackVia as it pertains to strategy and third-party selection.
- ✓ Ownership and maintenance of the third-party diversity platform used to assist in the tracking of diverse spend and identification of diverse candidates for procurement bidding events.



Third-party Due Diligence Reviews and Ongoing Monitoring

Due Diligence Review Process: The purpose of a due diligence review is to understand the risks a vendor or service, may pose to the Bank. It also provides adequate assurance that the third-party supplier has the appropriate controls in place for the service and that those controls are functioning properly in the environment.

- ✓ All suppliers must participate in the due diligence review process.
- ✓ Existing suppliers participate based on cadence determined by the product, service and/or risk level.
- ✓ Third-party supplier relationships are managed and reviewed at an individual service level and are tracked by the appropriate line of business. A service owner is designated by the line of business for each service provided by each third-party supplier.



Supplier Diversity Spend Guidelines

All diverse suppliers should be certified by a national, state and/or local certifying body. If possible, the preferred third-party organizations for Fifth Third Bank are the National Minority Supplier Development Council (NMSDC), Women's Business Enterprise National Council (WBENC) and other certifying councils such as National Gay & Lesbian Chamber of Commerce (NGLCC), Small Business Administration (SBA), Woman-owned Small Business and Veteran-owned Small Business programs, and DisabilityIN business certification for persons with disabilities.

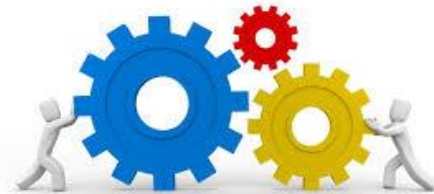
Certification by preferred partners is critical because it ensures suppliers meet the spirit of supplier diversity, uphold the integrity of the numbers reported and the overall program, and that these partners utilize a robust and in-depth certification process to ensure the legitimacy of the business.



Key Fifth Third Bank Industries

- Facilities.
- IT consulting.
- IT hardware.
- Construction.

- Staffing.
- Media Marketing.
- Printing.
- Small Business:
 - Catering.
 - Audio/visual.
 - Photography.
 - Video.
 - Arts & culture.



Supplier Diversity External Partners & Engagement

As one of our ***Inclusion & Diversity Six Bold Goals***, Fifth Third strives to be a leader within the inclusion & diversity space, including supplier diversity. We intentionally partner with external organizations to ensure we are leveraging best practices and continuing to progress our efforts. By participating with these affinity organizations, we:

- Source new diverse suppliers through sponsorships, matchmaking and networking events.
- Provide opportunities to strengthen partnerships with existing diverse suppliers.
- Bring recognition to the efforts of the Bank through awards, board and committee engagements.
- Establish and engage in collaborative partnerships, events and activities with external supplier diversity leaders to provide economic access across our regional footprint.



Supplier Diversity Best Practices

Improve supply chain transparency

- Provide Supplier Diversity team with the scope of work and request help with identifying diverse candidates to support business needs.
- Identify areas of capability with existing diverse suppliers that are not being utilized in order to grow spend.

Secure a commitment within the organization

- Develop a team of Supplier Diversity Champions who have the passion, can raise awareness and help with identifying opportunities to bring in more diverse suppliers.
- Integrate supplier diversity in the procurement function company-wide
- Educate all employees on the benefit and business imperative on increase supplier diversity spend.

Offer training to diverse suppliers

- Create training and mentoring programs to diverse suppliers to enable them to be contract ready when an opportunity arise.

Supplier Diversity 2023 Big Rocks

1

Continue to advance the Bank as a leader in Supplier Diversity



2

Increase the number of diverse suppliers



3

Continue to invest in diverse supplier growth and development



The History of Supplier Diversity

If you want to learn more about supplier diversity, view videos and read stories from a few of the external councils below:

- National Minority Supplier Development Council
 - <https://nmsdc.org/history-supplier-diversity-minority-business-development/>
- DisabilityIN
 - [About - Disability:IN \(disabilityin.org\)](https://disabilityin.org/about)
- Women's Business Enterprise National Council
 - <https://www.wbenc.org/news/video-25th-anniversary-wbenc-favorite-memories/>
- National Gay Lesbian Chamber of Commerce
 - nglcc.org/about-us/milestones-achievements/



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