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to the power of
diversity



*2013 Diversity Procurement Report and 2014 Plan of
Cox Communications California, LLC and
Cox California Telcom, LLC*

*Submitted To Members of the California
Assembly Utilities and Commerce Committee,
the California Senate Energy, Utilities and
Communications Committee and
the California Public Utilities Commission*

March 31, 2014



Cox Communications, Inc. (“Cox”) provides cable, high-speed Internet, wireline telephone and home security and automation services in California and 19 other states. In California, services are provided by its subsidiaries Cox Communications California, LLC, a cable corporation that provides video and high-speed Internet services, Cox California Telcom, LLC,¹ a California Public Utilities Commission-regulated telephone corporation providing voice and transport services, and Cox Advanced Services California, LLC, a home alarm and automation provider. The Cox companies provide service to residential and business customers located in portions of Santa Barbara, Los Angeles, Orange San Diego and Ventura counties.

In 2011, Governor Brown signed into law Assembly Bill 1386 (Bradford), amending California Public Utilities Code section 8283, which addresses women, minority and disabled veteran owned business enterprise procurement. Section 8283(f)(2) encourages video providers, including cable corporations, to adopt procurement practices aimed at increasing women, minority and disabled veteran business enterprise procurement, and to voluntarily file reports of such activity with the Legislature on an annual basis.

This report provides information about Cox’s national and California procurement activities. Reported procurement represents Cox’s spend nationwide.

¹ Cox California Telcom, LLC is a public utility and subject to California Public Utilities Commission General Order 156, *Rules Governing the Development of Programs to Increase Participation of Women, Minority, and Disabled Veteran Business Enterprises in Procurement of Contracts from Utilities as Required by Public Utilities Code Sections 8281-8286* (“GO 156”). Cox California Telcom, LLC does not have any GO 156 reportable procurement activities.



Cox has an ongoing commitment to diversity, which includes a nationwide supplier diversity program dedicated to ensuring opportunities for diverse suppliers. As part of this commitment, Cox has been making a major investment in the tools and processes it uses to track and analyze our use of diverse suppliers. In preparing this year's Diversity Procurement Report, changes that have been made as a result of this investment enabled us to notice inconsistencies in our data that could not immediately be resolved and required further investigation. In order to ensure accuracy, we requested and were granted an extension of time (until March 31st) to file this report.

Over the past several weeks we have been reviewing data related to our 2013 diverse spend and suppliers. Working with the vendor Cox uses to both validate our suppliers' diversity certifications and track our diverse spend, we identified several criteria within the reporting process that were inconsistent with the design of our supplier diversity program. Of significance, we determined that diverse vendors who did not have current certifications, or who had self-identified their diverse status but had not gone through a certification process were being included in our reporting. Cox has defined its Supplier Diversity Program to only include our direct spend with certified diverse suppliers (meaning that an independent, third party confirmed the vendors' current status as a diverse supplier). During our investigation we discovered that spend with diverse suppliers without current independent certification was being included in the reports from our vendor.

Cox takes its commitment to supplier diversity very seriously and with the investment we are making, we are putting in place procedures that provide improved transparency, visibility and analytics that will allow our Supply Chain Management staff to validate the data to ensure it is aligned with our Supplier Diversity Program in order to safeguard against future inaccuracies.

Cox's national certified diverse spend for 2013 is 13.3% of our overall discretionary spend. This is not as large as we had previously believed, but with the knowledge we have now about our program and reporting, we have established this as a baseline from which to grow. We will be working this year with existing diverse vendors who previously self-identified their diverse status or had certifications that expired to assist them in obtaining proper certifications so that we can include them in our future tracking and reporting.

Cox's goal of building a strong and growing supplier diversity program is unwavering and we remain focused on cultivating and maintaining direct relationships with minority, women, veteran, and Lesbian, Gay, Bisexual or Transgender ("LGBT") owned suppliers, as an integral part of our overall program to promote diversity in all aspects of our businesses: our employees, our video programming, and our community support and involvement.

George Richter
Vice President, Supply Chain Management
Cox Communications

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Cox's Supplier Diversity Activities In 2013

INTERNAL PROGRAM ACTIVITIES

Cox Diversity Councils

Cox's California Diversity Council supports Cox's diversity objectives throughout the state. Modeled after the Executive Diversity Council at our Atlanta corporate headquarters, the California and other Cox local Diversity Councils are based in our service territories across the nation and charged with expanding our diversity efforts in terms of employment, products and services, community and purchasing.

The Diversity Councils are comprised of a cross-representational group of volunteer employees, and take a proactive approach to focus and increase Cox's reach by identifying and aligning with the make-up of the communities we serve.



Our California Diversity Council has a Supplier Diversity subcommittee under the joint sponsorship and guidance of our Vice Presidents of Business Operations and Cox Business. Our California Senior Director of State Regulatory Affairs also provides support to the group as its Resource Leader. Cox's local Supplier Diversity subcommittees' work with Cox's corporate Supply Chain Management department to help increase Cox's use of diverse suppliers by:

- Identifying diverse supplier resources;
- Helping match local needs with available diverse suppliers;
- Participating in internal and external outreach activities;
- Creating employee awareness of the benefits of using diverse suppliers, thereby helping to maintain Cox's diversity-supportive culture.

In 2013, Cox's California Supplier Diversity subcommittee participated in the following events:

- California Cable-Telecommunications Supplier Diversity Fair & Expo;
- San Diego Regional Chamber of Commerce Supplier Diversity Business Summit;
- San Diego Supply Diversity Council's Highly Focused Category Sourcing Exchange; and
- Women's Business Enterprise Council ("WBEC") West San Diego Forum

In the coming year, Cox's California Diversity Council will be working with the Cox local Diversity Councils in other states on a set of projects that will help increase opportunities for diverse suppliers with Cox across our company, such as:

- A nationwide diverse vendor database;
- Diverse spend report by department;
- Vendor certification educational events; and
- Sharing best practices.

Supply Chain Management

Cox's supplier diversity program is managed by members of our corporate Supply Chain team, who are held accountable to Cox's supplier diversity goals through their own goals and compensation. This staff directs most of Cox's sourcing efforts nationwide, and provide support to Cox's local operations and purchasing managers by assisting them with identifying, negotiating with, and utilizing suppliers, including diverse suppliers.

Through their participation in recruiting and outreach, membership in supplier diversity organizations and experience in strategic sourcing, Cox's Supply Chain Management team is able to best leverage opportunities both locally and on a national basis, allowing Cox to provide the greatest opportunities for our diverse suppliers.

Supplier Certification

Cox tracks its direct spend with Minority Business Enterprises ("MBE"), Women-owned Business Enterprises ("WBE"), Veteran-owned Business Enterprises, which includes service-disabled veteran-owned businesses ("VBE"), and Lesbian Gay Bi-sexual or Transgender ("LGBT")-owned business. Our Supplier Diversity Program is designed to only recognize spend with diverse suppliers who have certified their status through organizations such as the National Minority Supplier Development Council ("NMSDC"), Women's Business Enterprise National Council ("WBENC"), or the National Gay & Lesbian Chamber of Commerce; and government agencies such as the California Supplier Diversity Clearinghouse or the U.S. Department of Veteran's Affairs. .

Cox utilizes the services of CVM Solutions, a MBE and provider of supplier screening solutions, to confirm vendor certification. And as discussed later in this report, Cox is making investments in its systems to help ensure that all vendors participating in its Supplier Diversity Program have proper certifications. .

Employee Education and Awareness

In order to build awareness of our supplier diversity program, and maximize the use of diverse suppliers, Cox's local Supplier Diversity subcommittee representatives meet with Cox's business groups to build awareness and identify opportunities. These meetings provide Supplier Diversity subcommittee representatives an opportunity to highlight specific diverse suppliers, provide assistance in identifying diverse suppliers, and

reinforce the benefits of having a successful program. During these meetings, business groups are able to identify current and upcoming purchase activities, so that subcommittee representatives can help locate qualified diverse vendors.

Cox also offers its employees supplier diversity training called “Why Supplier Diversity Matters.” This training provides a foundation for understanding Cox’s supplier diversity program, developing common language, and informing employees of the social and economic value of having a thriving program.

Ongoing Employee Communication

Cox recognizes the importance of providing ongoing communications to employees about the company’s supplier diversity program. This is the best way to keep employees informed of our progress and to ensure they understand company expectations. Cox’s Supply Chain Management team holds regularly scheduled calls with local Supplier Diversity sub-committee members to discuss spend activities and our status in meeting our goals. Report cards also are provided to ensure relevant employees stay informed. These efforts are reinforced by the work of the local Diversity Councils and Supplier Diversity Subcommittees.

Enhanced Reporting and Analytics

Cox uses CVM Solutions for the development and management of our diversity spend reporting tools. In 2013, Cox committed to investing half-a-million dollars over the next three (3) years to implement better analytics and databases, which will improve our ability to more strategically identify: near and long-term spend need, progress towards annual goals, and opportunities for diverse suppliers. This investment also will help ensure that Cox can maintain direct accountability for its diverse spend to help improve the accuracy of reporting in the future.

In 2013, Cox began development on several reporting projects that will continue into the coming year. These include:

- Improved management of vendor certification status;
- A Cox-specific diverse vendor database, allowing Cox personnel to identify an existing diverse supplier by spend category and location;
- Diverse spend by department, allowing functional leadership to better identify opportunities for diverse suppliers;
- Identification of Cox vendors that self-identify as diverse, but are not certified; and
- Identifying MBE spend by ethnic categories.

This last project has been completed and with this Annual Report, Cox is able to share our MBE spend by specific ethnic category (Hispanic, African American, etc.). This new reporting capability allows Cox to monitor our diverse spend at an additional level of detail, which will help us plan for consistent growth in all categories of MBE spend.

Requests for Proposal

Cox issues Requests for Proposal (“RFP”) for multiple goods and services. We utilize several measures as part of the RFP evaluation process, which help to identify and increase utilization of diverse suppliers. RFPs include information about Cox’s policy of using diverse suppliers. Companies responding to RFPs are able to include information about their diversity status, which is validated during the review period by CVM Solutions. Additional points are awarded during supplier evaluations to diverse suppliers and to primary suppliers with Tier II commitments.

Tier II Program

Recognizing that a robust Tier II program is one of the best ways of ensuring that as many companies as possible provide economically disadvantaged and diverse suppliers with scalable business opportunities, Cox has been expanding its Tier II program over the past few years in both the number of vendors that have Tier II commitments and the manner by which Cox manages its Tier II program.

Cox’s Tier II strategy is multi-faceted. It is reflected in our vendor agreements of at least \$500K, which explicitly endorse our policy of the vendor using economically disadvantaged and diverse suppliers for work related to the products or services under contract. Based on a threshold amount of spend and the type of service provided, vendors contractually commit to meet a specific percentage of Tier II spend. Under Cox’s Tier II policy, a vendor may be required to use reasonable efforts to direct as much as 20% of its total spend related to its agreement with us to economically disadvantaged and diverse suppliers.

To help ensure vendors meet their Tier II commitments, Cox requires some vendors submit a plan that details how the vendor will meet or exceed its Tier II commitment. Vendors also are required to report their progress to Cox on a quarterly basis using an online tool that we created. Additionally, during quarterly business meetings, Cox reviews the vendors’ progress toward meeting Tier II commitments and provides coaching and assistance to the vendor when necessary for improvement.

Mentorship Trial Program

In 2013 Cox trialed a formal mentorship program with a minority-owned company identified through our membership with NMSDC. The supplier had been doing a small amount of work for Cox and was looking to develop to be able to support a higher volume of services. Through a process of regularly scheduled one-on-one meetings, which included progress reviews through use of scorecards, accountability tracking of agreed upon business metrics, gap analyses and solution identification, Cox was able to educate and develop this vendor to smartly grow its business to better meet our needs. Upon completion, the mentee was able to obtain a significant increased amount of business from Cox.

Having had a successful first experience with a formal mentorship program, we are planning to continue the program in 2014.



EXTERNAL PROGRAM ACTIVITIES

California Cable Supplier Diversity Matchmaking Fair

In 2013, Cox, jointly with Comcast, Time Warner and Charter, hosted the 3rd Annual California Cable-Telecommunications Supplier Diversity Matchmaking Fair and Expo, which was held in Santa Clara. The event, entitled *Connecting Communities We Serve with Business Opportunities*, provided diverse vendors introductions to procurement managers of the four largest cable-telecommunications companies in California (and the country), Cisco (one of the world's largest equipment manufacturers) and Cox-affiliate Manheim Auto Auctions (the world's leading provider of vehicle remarketing services).

In addition to matchmaking sessions, the event provided critical educational opportunities with presentations by Comcast's VP of Finance & Accounting, and representatives from ASTRA Women's Business Alliance and the Northern California Supplier Development Council. Several other organizations were on-hand to share information about supplier certification process and support, including WBEC-West, the Walter Kaitz Foundation (a Cable Industry founded organization whose mission is to increase diversity in the cable industry in all areas, including supplier diversity. More at www.walterkaitz.org), Elite Service Disabled Veteran Owned Business Network (Northern California Chapter), and the San Diego Supplier Diversity Council. Plans are underway for our 2014 event.



Diversity Organizations and Business Councils

Cox actively participates and holds leadership positions in many organizations that support, develop and promote diversity, including diverse suppliers. Through our memberships, we have numerous opportunities to meet potential diverse suppliers and provide advice to potential vendors on conducting business with Cox.

Although Cox participates in organizations and business councils that focus on promoting diversity throughout our national footprint, the following list is representative of our California and corporate-level participation:

- National Minority Supplier Development Council (NMSDC)
- Greater Women's Business Council ("GWBC")
- National Hispanic Chamber of Commerce
- San Diego Regional National Minority Supplier Development Council
- Santa Barbara Hispanic Chamber of Commerce
- Santa Barbara Women's Festival
- Chicano Federation of San Diego
- MANA de San Diego
- Girls Incorporated of San Diego County
- Empowered Girl Alliance/Women Worldwide West Coast
- Women's Resource Center
- Filipino American Chamber of Commerce of Orange County
- The Association for Women in Communications
- Orange County Hispanic Chamber of Commerce
- San Diego Asian Film Foundation

Additional Outreach Activities

Cox participates in many events that provide opportunities for us to meet diverse suppliers. Additionally, we sponsor events that bring recognition to organizations and suppliers making great strides in supplier diversity programs. In 2013, we participated in or hosted the following events:

- Regional Business Opportunity Luncheons, Expo and Conferences
- WBENC Summit & Salute
- NMSDC National Conference & Expo
- NMSDC National Program Managers Seminar
- Georgia Mentor Protégé Connection
- California Cable-Telecommunications Supplier Diversity Fair & Expo
- San Diego Regional Chamber of Commerce Supplier Diversity Business Summit
- San Diego Council for Supplier Diversity Category Sourcing Exchange
- Women's Business Enterprise Council-West Holiday Roundtable
- San Diego Council for Supplier Diversity Awards Ceremony

National Diversity Partnerships

Cox has forged partnerships with major national diversity organizations. In addition to providing cash and in-kind support to these organizations, we engage in many local partnership opportunities with these organizations in support of our business and social responsibility goals:

- National Urban League, the nation's largest community-based movement devoted to empowering African Americans to enter the economic and social mainstream;
- Human Rights Campaign, the nation's largest civil rights organization working to achieve lesbian, gay, bi-sexual and transgender equality;
- LULAC, the nation's largest and oldest civil rights volunteer-based organization that empowers Hispanic Americans and builds strong Latino communities. With 900 councils around the United States and Puerto Rico, LULAC's programs, services and advocacy address the most important issues for Latinos, meeting critical needs of today and the future.

Industry Diversity Partnerships

Cox is also a proud sponsor of cable and telecommunications industry organizations, which benefit minorities and advocate diversity and development, and in which our employees invest countless volunteer hours:

- National Association for Multi-Ethnicity in Communications (NAMIC)
- Women in Cable Telecommunications (WICT)
- The Walter Kaitz Foundation
- Emma L. Bowen Foundation for Minority Interests in Media
- Cable Positive

Board Membership and Committee Participation in Diversity Organizations

Cox senior leaders and executives hold board and committee positions in many of the organizations that we support. A sample of Cox's board and committee participation includes the following:

- Board member, NMSDC, Industry Group (Advertising, Entertainment, Media & Sports)
- Board member, regional NMSDC
- Member Education Committee, regional NMSDC
- Board member, San Diego LGBT Community Center
- Board member, Mexican American Business & Professional Association
- Board member, NAMIC, Southern California Chapter
- Board member, WICT, Southern California Chapter
- Board member, San Diego Asian Business Association

Awards and Recognition

Cox has been fortunate to receive numerous awards and recognition for our commitment to diversity. These include:

- DiversityInc Top 50 Companies for Diversity® – seven consecutive years with distinction among the Top 25 companies, 2006-2013
- DiversityInc Top 10 Companies for Supplier Diversity – 2011
- DiversityInc Top 10 Companies for Blacks – 2011, 2012
- Best Operator for Women in Cable –eight consecutive years, Women in Cable Telecommunications PAR Survey, 2004-2011
- The Minority Corporate Counsel Association (MCCA) honored Cox Communications (Atlanta) as an Employer of Choice, recognizing the diversity initiatives and inclusive policies of Cox’s corporate legal department, 2005
- San Diego Supplier Development Council, Advocate of the Year, 2012
- San Diego Supplier Development Council, Achievement Award, 2012
- Georgia Chapter, NMSDC, Buyer of the Year, 2013
- Certificate of Appreciation from [San Diego Committee on Employment of People With Disabilities](#) for unending commitment to serve and assist people with disabilities in the State of California, 2013

Supplier Diversity Website

Cox’s supplier diversity website (<http://bit.ly/13gsl40>) provides a venue for suppliers to connect with all Cox companies that may need their services. Suppliers may register to do business with us via our supplier diversity web portal.

Cox Supplier Diversity Progress in 2013

The following reflects direct purchases nationwide (including California) from Minority Business Enterprises (“MBE”), Women-owned businesses (“WBE”), Veteran and Disabled Veteran-owned businesses (“VBE”) and Lesbian Gay Bisexual or Transgender (“LGBT”)-owned businesses; as well as the Tier II spend of our suppliers.

Procurement Dollars (millions)	2013
MBE	\$107,862,160
WBE	\$45,364,780
VBE	\$0.00
LGBT	\$0.00
Tier II	\$51,880,538
Total Diverse Spend	\$205,107,477
Total Discretionary Spend	\$1,546,552,525
% of Spend	13.3%

Cox Direct MBE Spend

MBE	2013 - Total (millions)
Asian Pacific American	\$57,724,818
African American	\$14,247,669
Hispanic	\$8,988,643
Native American	\$9,602,880
Other	\$17,298,150
TOTAL MBE	\$107,862,160

Cox Supplier Diversity 2014 Goals

Cox recognizes the value of investing in diversity and therefore we will continue to challenge ourselves to increase our use of diverse suppliers. To this end, Cox has established a 2014 target of making 17% of its discretionary purchases.

Encouraging Entry Where There Has Been Low Utilization

Cox recognizes that certain fields attract a smaller amount of women and minorities. Cox has tried to focus its efforts on areas where it and other companies historically have low spend with diverse suppliers.

Legal Services

Since 2005, Cox has used the legal services of a California-based, woman-owned law firm almost exclusively for representation before the CPUC and for advice on California regulatory matters. In 2012, Cox's Nevada affiliate began using this woman-owned law firm for Regulatory matters in Nevada.

In support the National Association of Women and Minority Owned Law Firms, Cox has committed to have 5% of our legal spend go to certified minority and women-owned businesses in the legal profession. Now three years into our commitment, Cox has met or exceeded our goal each year.

Cox also has a policy of working with law firms that employ minority and women lawyers and paralegals.

Energy Consumption

Hand-in-hand with our Cox Conserves environmental conservation programs, which include a goal of reducing all Cox companies' carbon footprint by 20%, Cox has begun to utilize alternative and diverse suppliers for its energy consumption.

Cox has fuel cells powering its operations at five separate locations in California. Cox has engaged a WBE to do the scheduling of our all natural and biogas needs for these fuel cells. Additionally, Cox purchases natural gas directly from a WBE for several of its operations nationwide.

In 2013, Cox began purchasing energy from a deregulated Hispanic MBE supplier at several Cox-affiliate locations. Due to current California-imposed limits on the amount of energy that can be procured from retail providers, Cox does not have the ability to use this vendor California at this time.

For 2014, Cox is working to finalize an agreement with a Veteran-owned Business Entity for the provision of fuel at several Cox locations, which may include California.



Telecommunications and Network Equipment

Cox's telecommunications and network equipment represent some of our largest expenditures. Although this has been an area where we historically have focused on Tier II efforts, in 2013 we began to use the services of a minority-owned logistics company from which we could make direct equipment purchases. In 2014, Cox plans to enter into a similar agreement with a second logistics company that also is minority-owned.

These arrangements greatly benefit Cox by creating a consistent experience for ordering, packaging and delivery of equipment to Cox nationwide; while providing new and, importantly, direct opportunities to diverse vendors.



Supplier Diversity Activities Planned for 2014

Vendor Certification Initiatives

With the findings we made this year regarding our reporting process, we have identified a pool of existing diverse vendors who need to go through the certification process. Cox is planning several initiatives to assist our vendors in becoming certified. In the coming year, Cox plans to hold a Vendor Certification Fair in whereby existing vendors can learn about the benefits of becoming certified and receive support from Cox in becoming certified. Additionally, members of our Supply Chain Management staff will be working with diverse vendors directly to obtain proper certification.

Mentorship Program

In 2013, Cox completed a very successful mentorship program. We recognize that mentorship programs better prepare vendors to do business with a company of Cox's size and dynamic. In the coming year, we are looking to continue and expand our mentorship program by working with four new mentees.

LGBT-owned Business Pipeline

To help ensure LGBT inclusion amongst businesses, Cox's Supplier Diversity program helps to create opportunities for LGBT-owned businesses in addition to MBEs, WBEs and VBEs. In 2014, we will be collaborating with the National Gay and Lesbian Chamber of Commerce to help improve our program's best practices in order to better identify LGBT vendors and additional opportunities.

Enhance Existing Reporting Capabilities

Cox will continue its work on enhancing current reporting and analytic capabilities, through its 3 year, half-million dollar system investment. Amongst the work scheduled for 2014, Cox intends to develop an improved Cox Diverse Supplier database, which will more easily identify existing Cox diverse suppliers by category, allow Cox to directly verify the certification status of our vendors, and identify diverse spend by business unit to help better identify opportunities for diverse suppliers.

Cox also will continue its efforts at recruiting and awareness with the following activities planned for 2014:

- Regional and National recruiting and mentoring events sponsored by organizations such as NMSDC, WBEC West and the Walter Kaitz Foundation;
- Participate in local and national chamber and minority business association-sponsored diversity events;
- Continue to work with California cable companies to increase opportunities for diverse suppliers in our industry;
- Continue to participate, and hold Board and committee membership, in organizations, such as NMSDC, that promote diverse suppliers;
- Continue work with prime contractors to increase their use of diverse suppliers to ensure they are meeting or exceeding their Tier II contractual obligations.
- Work with organizations that represent diverse suppliers in an effort to recruit new diverse suppliers.

