



NGLCC SUPPLIER DIVERSITY INITIATIVE CERTIFICATION COMMITTEE STANDARDS & PROCEDURES¹

I. Purpose

The National Gay & Lesbian Chamber of Commerce® (NGLCC) is the only national not-for-profit advocacy organization specifically dedicated to expanding the economic opportunities of the LGBT business community. The NGLCC seeks to provide benefits to LGBT-owned businesses and to major corporations who are invested in creating an LGBT-inclusive supply chain. Through the NGLCC Supplier Diversity Initiative, the NGLCC offers the LGBT business community a nationwide certification standard for designating businesses as LGBT Business Enterprises (LGBTBEs). The NGLCC also offers its corporate members a national LGBT Business Enterprise database—NGLCC BizLink. The NGLCC further works to increase LGBT procurement opportunities by providing training on its Supplier Diversity Initiative and best practices within the procurement field, and by hosting matchmaking events for LGBTBEs and corporate procurement representatives.

The NGLCC Supplier Diversity Initiative Certification Committee Standards and Procedures describe the criteria for certification as an LGBTBE and the application review process for all businesses seeking certification. A rigorous certification process ensures that the certification is a mark of distinction for the LGBTBEs and is held in the highest regard by corporate procurement representatives.

The NGLCC and its staff are responsible, among other things, for the coordination of the National Certification Committee, the Local Certification Committees, and the Appeals Committee. The NGLCC is additionally responsible for overseeing and guaranteeing the implementation of the Standards and Procedures detailed in this document through periodic reviews of its certification process.

Business enterprises should note that if they are denied certification as an LGBTBE by the NGLCC Certification Committee, the business is not precluded from directly participating in any procurement program or contract opportunity offered by NGLCC corporate members. The certification eligibility standards established herein are adapted from 49 Code of Federal Regulations (CFR) Part 23 and Part 26.

Please refer to Section VII. Definitions for the meanings of capitalized terms used in this document.

II. Applicability

These standards and procedures govern the operation of the NGLCC Certification Committee(s) and apply to any business seeking certification as an LGBTBE. Certification as an LGBTBE is based on the information provided by the applicant in the affidavit, including the LGBT Status Qualifiers provided by the principal(s) of the applicant, and is awarded without regard to gender, race, ethnicity, religious affiliation, age, disability, national origin, or veteran status.

Potential applicants interested and eligible for certification as an LGBTBE should apply for certification without waiting for a conditional contractual commitment from a customer.

III. Marital Status

The NGLCC Certification Committees' decisions regarding certification as an LGBTBE are made without regard to community property laws and/or civil union or marital status.

IV. Disclosure and Confidentiality

All materials and information submitted with the certification application and affidavit become the property of the NGLCC. Information that the applicant marks as proprietary or confidential or that reasonably may be regarded as such will be treated accordingly. Information about an applicant and/or a certified business is released in circumstances which may lead to increased opportunities for the business and will not be released without the prior approval of the business. The certification affidavit that is part of the application for certification includes an indemnity clause.

V. Responsibilities

The NGLCC National Certification Committee is ultimately responsible for the implementation and enforcement of the certification policies described in this document.

The NGLCC National Certification Committee Directors have the requisite authority for overall execution, oversight, and reporting of the NGLCC's certification process, and are accountable to the President of the NGLCC.

The NGLCC Supplier Diversity staff is responsible for the administrative coordination of the NGLCC Certification Committees.

VI. Expedited/Reciprocal Certification

The NGLCC, through a Memorandum of Understanding with the Women's Business Enterprise National Council (WBENC), offers an expedited process to businesses already certified by WBENC as a Women's Business Enterprise (WBE). Eligible applicants should submit a copy of their WBENC application and supporting documentation as they were submitted to WBENC, as well as the WBE's WBENC certificate, and LGBT Status Qualifiers. Applications will be reviewed in an expedited fashion and a decision will be made by the NGLCC Certification Committee Directors.

The NGLCC also offers expedited processing to businesses certified by the National Minority Supplier Development Council (NMSDC). Eligible applicants should submit a copy of their NMSDC application and supporting documentation as they were submitted to NMSDC, as well as the MBE's NMSDC certificate, and LGBT Status Qualifiers. Applications will be reviewed in an expedited fashion and a decision will be made by the NGLCC Certification Committee Directors.

The NGLCC National Certification Committee gives full recognition to certification determinations made by its Local Certification Committees. All businesses certified as LGBTBEs will be listed in NGLCC BizLink.

VII. Definitions

Affidavit or Certification Affidavit	An application for certification submitted with a notarized Statement of Eligibility and Declaration of LGBT Status.
Agent	<p>A person authorized to act on behalf of the principal in transactions involving a third party.</p> <p>Agents have three basic characteristics:</p> <ol style="list-style-type: none"> 1. Act on behalf of and are subject to the control of the principal; 2. They do not have title to the principal's property; and 3. They own the duty of obedience to the principal's orders. <p>Agents by their nature are not certifiable.</p>
Appeal	A written request by an applicant to reconsider a determination of denial of certification.
Applicant	A business that requests certification as an LGBT-owned Business Enterprise through submission of a certification affidavit.
Broker	<p>The person who acts as an intermediary between a buyer and seller, usually charging a commission for value added.</p> <p>A business that adds no material value or does not perform a commercially useful function to the products or services being supplied to a procuring activity or takes no ownership, financial responsibility, legal liability, possession of or handle the item being procured with its own equipment or facilities will not be certifiable, unless it is the standard in the industry.</p>
Business Affiliate	A person effectively controlled by another person, or under common control by a third person. A branch, division, or subsidiary. Under the Investment Company Act (15USCA Section 8a-2), a company in which there is ownership (direct or indirect) of 5% or more of the voting stock.
Certification	The process by which an applicant's eligibility as an LGBT Business Enterprise is determined.
Certification Committee – Local	A committee comprised of volunteers (corporate, government and business owner representatives) who render recommendations for certification or denial to the Local NGLCC Certification Committee Chair.
Certification Committee – National	The NGLCC Certification Committee is responsible for the development and maintenance of the standards and procedures that govern the certification process implemented by the Local Certification Committees.
Certified Supplier List	A listing containing the names of currently certified LGBT Business Enterprises maintained by the NGLCC. Information found on the NGLCC certified supplier list can also be found on NGLCC BizLink.
Challenge	A formal filing by a third party questioning the eligibility of a certified LGBT Business Enterprise.

Consultant	One that gives expert or professional advice for fee or commission.
Control	The power to direct the operation and management of a business.
Corporation	A specific type of legal entity that is in compliance with the applicable requirements of the law of its state of incorporation.
Dealership	Authorization to sell specified items in a certain area with or without exclusivity.
Denial	The action of denying LGBT Business Enterprise certification to a business that does not meet the certification eligibility criteria as outlined in these Standards and Procedures.
Distributor	One that markets or sells merchandise, i.e., a wholesaler.
Document Review	The NGLCC Certification Committee's review of the affidavit and accompanying documentation submitted by an applicant.
Eligibility Review	The entire review process conducted on an applicant, consisting of documentation review and site inspection.
Expedited Certification	The NGLCC Certification Committee reviews certifications by the Women's Business Enterprise National Council and the National Minority Supplier Development Council in an expedited fashion when the application, supporting documentation, current certification, and LGBT Status Qualifiers are submitted.
Expiration	The specified end of the certification period.
Financial Institution	A bank, trust company or other financial institution authorized by law to carry on a trust business.
Financial Review	The review of financial records of an applicant.
Franchise	A contractual arrangement characterized by authorization granted to someone to sell or distribute a company's goods or services in a certain area; a business or group of businesses established or operated under such authorization.
Industry Standard or Standard in the Industry	The usual and customary practices in the delivery of products or services within a particular business sector, i.e., mortgage brokers, insurance brokers, securities brokers.
LGBT Business Enterprise	An independent business concern: <ul style="list-style-type: none"> • That is at least fifty-one percent (51%) owned and controlled by one or more LGBT persons who are U.S. citizens or lawful permanent residents, or in the case of any publicly-owned business, at least fifty-one percent (51%) of the equity of which is owned and controlled by one or more LGBT persons who are U.S. citizens or lawful permanent residents; and • Whose management and daily operation is controlled by one or more of the LGBT owners.

Limited Liability Company	A specific type of legal entity that is in compliance with the applicable laws of its state of formation.
Manufacturer Representative	A person that represents another for or to others, i.e., manufacturer's group. Typically Manufacturer Representatives are not certifiable.
Members	NGLCC members include Corporate and Governmental Entity members, grassroots members, and local affiliate chamber/business organization members.
National Certification Committee Directors	The National Certification Committee Chair and a member of NGLCC staff designated by the President of the NGLCC.
NGLCC	National Gay & Lesbian Chamber of Commerce®.
NGLCC Local Affiliate	A local 501(c)(3) or 501(c)(6) organization recognized by the NGLCC as an affiliate chamber or business organization.
Ownership	A determination based on title to and beneficial ownership of stock, membership, interests or other equity in a business.
Partnership	An association of two or more persons to carry on, as co-owners, a business for profit.
Person	Any individual, partnership, joint venture, firm, corporation, limited liability company, trust or other enterprise.
Principal Place of Business	The business location where individuals who manage the business's day-to-day operations spend most working hours and where top management business records are kept.
Program Review	A review by the NGLCC of an NGLCC Local Committee's certification determinations and procedures.
Re-certification	The process by which an LGBT Business Enterprise renews certification status prior to expiration.
Regular Dealer	A business that owns, operates, or maintains a store, warehouse, or other establishment in which the materials or supplies are bought, kept in stock, and regularly sold to the public in the usual course of business.
Resale/Reseller	The act of selling a second time or distributing goods in commerce. The act of selling used or new products for profit. A business entity that resells.
Retailer	The seller of goods or commodities directly to consumers at a retail price.
Site Visit	A visit to the applicant's physical place(s) of business for the verification of information submitted in the affidavit and accompanying documentation.
Sole Proprietorship	A business whose assets are wholly owned by a single individual.
Strategic Alliance	An association, not a legal entity, of two or more separate businesses that come together to pursue business opportunities.

Subsidiary	An entity in which another entity (i.e., the parent) owns at least a majority of the shares, and thus has control. For example, a corporation more than fifty percent (50%) of whose voting stock is owned by another.
Value Added	Something that is added to a product or service by a marketer or distributor that warrants a markup in the retail price.
Wholesaler	Intermediary or distributor who sells mainly to retailers, other merchants and industrial, commercial and institutional users as distinguished from consumers.

VIII. LGBTBE Eligibility Standards

NGLCC Certification Committees will use these standards and procedures in determining whether an applicant is owned and controlled by LGBT person(s) who are U.S. citizens or lawful permanent residents, and therefore eligible to be certified as an LGBT Business Enterprise. Legal entities must be formed in and have their principal place of business in the United States or one of its territories.

In determining eligibility, NGLCC Certification Committees must consider all the facts in the record, viewed as a whole, as they appear at the time of the application. An eligible applicant will not be refused certification based solely on historical information indicating a lack of ownership or control of the applicant by LGBT person(s) at some time in the past, if the applicant currently meets the ownership and control standards.

An eligible applicant will not be refused certification solely on the basis that it is a newly formed business.

A. Ownership

1. The ownership by LGBT person(s) must be real, substantial and continuing going beyond the pro-forma ownership of the business as reflected in its ownership documents.
2. The applicant must share in all risk and profits commensurate with his/her ownership interest as demonstrated by a detailed examination of the substance of his/her business arrangements with others.
3. All securities that constitute ownership of a business shall be held directly by LGBT person(s), or held in a trust that is one of the types of trusts described in Section VIII.A.5.e. "Trusts."
4. Contribution of Capital or Expertise
 - a. Contribution of capital and/or expertise by LGBT owners to acquire their ownership interest shall be real and substantial and be in proportion to the interest(s) acquired.
 - b. Insufficient contributions shall include, but shall not be limited to, promises to contribute capital or expertise in the future, a note payable to the business or its owners who are not LGBT persons, or the mere participation as an employee.
5. Business Structures and Ownership Vehicles. Legal entities must be formed in and have their principal place of business in the United States or one of its territories.

- a. Sole Proprietorship
 - i. In a sole proprietorship, the LGBT person must own one hundred percent (100%) of the company assets.
- b. Corporation
 - i. In a corporate form of organization, LGBT principal(s) must own at least fifty-one (51%) of each class of voting stock outstanding and fifty-one percent (51%) of the aggregate of all stock outstanding.
 - ii. Any voting agreements among the shareholders must not dilute the beneficial ownership, the rights, or the influence of the LGBT owners of the stock or classes of stock of the corporation.
 - iii. LGBT owners shall possess the right to all customary incidents of ownership (e.g., ability to transfer stock, title possession, enter binding agreements, etc.).
 - iv. Nonprofit corporations do not meet this requirement and are therefore not eligible for certification.
- c. Partnerships
 - i. General Partnership. In a general partnership, LGBT owners must own at least fifty-one percent (51%) of the partnership interests.
 - ii. Limited Partnership
 - (1) In a limited partnership, the LGBT general partners must own at least fifty-one percent (51%) of the general partnership interest and exert at least fifty-one percent (51%) of the control among general partners. The LGBT general partners must receive at least fifty-one percent (51%) of the profits and benefits, including tax credits, deductions and postponements distributable or allocable to the general partners.
 - (2) In addition, the LGBT limited partners must own at least fifty-one percent (51%) of the limited partnership interests and receive at least fifty-one percent (51%) of the profits and benefits, including tax credits, deductions and

postponements distributed or allocable to the limited partners.

d. Limited Liability Companies

- i. In a Limited Liability Company, LGBT principal(s) must own at least fifty-one percent (51%) of membership interests, and at least fifty-one percent (51%) of the management and control among the members.
- ii. The LGBT principals must also participate in all risks and profits of the organization at a rate commensurate with their membership interests.

e. Trusts

- i. In order to be counted as owned by LGBT persons, securities held in a trust must meet the following requirements, as applicable:
 - (1) *Irrevocable trusts.* The beneficial owner of securities held in an irrevocable trust is a LGBT person who is not a minor, and all the trustees are LGBT persons, provided that a Financial Institution (as defined in the Section VII. Definitions) may act as trustee.
 - (2) *Revocable trusts.* The beneficial owner of securities held in a revocable trust is a LGBT person who is not a minor, all the grantors are LGBT persons, and all the trustees are LGBT persons, provided that a Financial Institution (as defined in Section VII. Definitions) may act as trustee.
 - (3) *ESOPs.* Securities owned by LGBT persons who are participants in an employee stock ownership plan qualified under Section 401 of the Internal Revenue Code of 1986, as amended, and held in a trust where all of the trustees are LGBT persons, provided that a Financial Institution (as defined in Section VII. Definitions) may act as trustee.
 - (4) *Living trusts.* A revocable trust that has an LGBT person as the beneficiary and the same LGBT person as the grantor.

- (5) *Other requirements.* Businesses whose securities are owned in whole or part in a trust are not thereby exempt from the other requirements of this Section VIII.

B. Control

The applicant must show evidence that the LGBT person(s) have control of the business. "Control" means the primary power to direct the management of a business enterprise as evidenced through the governance documents and actual day-to-day operation. The following factors will be examined in determining who controls an applicant.

1. Governance

- a. The organizational and governing documents of an applicant (e.g., Limited Liability Company Operating Agreements, Partnership Agreements, or Articles of Incorporation and By-laws) must not contain any provision which restricts the ability of the LGBT owner(s) from exercising Managerial Control and Operational Authority of the business.
- b. In reviewing governance documents and issues, special attention shall be given to:
 - i. The composition of the business's governing body (e.g., board of directors or management committee);
 - ii. The functioning of the governing body; and
 - iii. The content of shareholder's agreements, bylaws, or state incorporation statutes, and the extent to which such agreements, bylaw(s), or statutes affect the ability of the LGBT owner(s) to direct the management and policy of the business.

2. Operation and Management

- a. The LGBT owner(s) must possess the power to direct or cause the direction of the management and policies of the business and to make the day-to-day as well as major decisions on matters of management, policy and operations. The business must not be subject to any formal or informal restrictions that limit the customary discretion of the LGBT owner(s).
- b. A previous and/or continuing employer-employee relationship between or among present owners are carefully reviewed to

ensure that the LGBT employee-owner has management responsibilities and capabilities.

- c. In the event that the actual management of the business is contracted or carried out by individuals other than the LGBT owner(s), those persons who have the ultimate power and expertise to hire and fire the managers can, for this purpose, be considered as controlling the business.
- d. An LGBT owner, or another such LGBT person, must hold the highest officer position in the company (i.e., President or Chief Executive Officer by whatever title).
- e. The applicants must show evidence that the LGBT person(s) have operational authority and managerial control of the business. In evaluating this evidence, the following factors will be considered:
 - i. Operational Authority. "Operational Authority" means the extent to which the LGBT person(s) actually operate the day-to-day business. Assessments of operational control will rest upon the peculiarities of the industry of which the business is a part. In order to ascertain the level of operational control of the LGBT owner(s), the following will be considered:
 - (1) Experience: The LGBT owner(s) shall have education, demonstrable working knowledge and/or experience in the area of specialty or industry claimed in the certification application.
 - (2) Responsibility for Decision-Making: The LGBT owner(s) shall be able to demonstrate his/her role in making basic decisions pertaining to the daily operation of the business.
 - (3) Technical Competence: The LGBT owner(s) shall have technical competence in the industry or specialty of the applicant business and/or a working knowledge of the technical requirements of the business sufficient enough to critically evaluate the work of subordinates.
 - ii. Managerial Control. "Managerial Control" is the demonstrated ability to make independent and unilateral business decisions necessary to guide the future and destiny of the business. Managerial control may be demonstrated in a number of ways. For an LGBT

owner(s) to demonstrate the extent of his/her managerial control, the NGLCC Certification Committee will consider the following (not intended to be all inclusive) areas of routine business activity:

- (1) The LGBT owner(s) must produce documents that clearly indicate his/her **control of basic business functions**, e.g., authority to sign payroll checks and letters of credit, signature responsibility for insurance and/or bonds, authority to negotiate contracts and financial services daily operation of the business.
- (2) Technical Competence: The LGBT owner(s) shall have technical competence in the industry or specialty of the applicant business and/or a working knowledge of the technical requirements of the business sufficient enough to critically evaluate the work of subordinates.
- (3) Agreements for support services that do not impair the LGBT person's control of the company are permitted as long as the owner's power to manage the company is not restricted or impaired as determined by the NGLCC Certification Committee in its sole administrative discretion.

3. Independence

a. Performance

- i. The LGBT owner(s) shall have the ability to perform in their area of specialty/expertise without substantial reliance upon finances and resources (e.g., equipment, automobiles, facilities, etc.) of non-LGBT business enterprises.

b. Test of Independence. Recognition of the applicant as a separate and distinct entity by governmental taxing authorities shall not be a sole determinant of any applicant's assertions of independence. Test criteria include, but are not be limited to the following:

- i. Applicant's relationship with a non-LGBT company that involves any long-term contract or lease agreements.

- ii. Applicant's status as a party to any contract or lease agreement on terms at variance with industry standards or prudent business practices.
- iii. Interlocking stock ownership of the applicant and non-LGBT business enterprise in the same industry.
- iv. Common directors/officers between the applicant and a non-LGBT business enterprise.
- v. Applicant's use of employees, equipment, expertise, facilities, etc., shared with or obtained from a non-LGBT business enterprise.
- vi. The receipt by the non-LGBT business enterprise of financial benefits (i.e., profits, wages, etc.) shall be commensurate with the duties performed.
- vii. An applicant's business that cannot operate without licenses, permits and/or insurance held by another business is not independent. The business must possess all legal requirements necessary to legally conduct business.
- viii. A Broker, Dealer, or Manufacturer's Representative, unless it is the standard for the industry, generally does not qualify for certification.

C. Definitions

Definitions are used in Section VIII. with the meanings defined in Section VII. Definitions.

IX. Certifying Franchises

A business operating under a franchise or license agreement may be certified if it meets the standards in Section VIII. LGBTBE Eligibility Standards and:

- 1. The franchise agreement between the franchisor and the franchisee seeking NGLCC certification must not contain any provision which unreasonably restricts the ability of the LGBT owner(s) from exercising Managerial Control and Operational Authority of the business.

In reviewing the franchise agreement, special attention shall be given to circumstances which, for certification purposes, shall be considered as restricting control and authority of the LGBT owner(s). These include, but are not limited to:

- 1. Termination of the franchise agreement by the franchisor without cause;

2. Lack of ownership of receivables by the franchisee;
3. Exclusive ownership of account receivables and/or contracts by the franchisor;
4. Restrictions on the sale of the business below market value;
5. Terms and conditions not related to the brand or systems can be altered without franchisee's notification and/or approval;
6. Contracts are prepared and approved by the franchisor;
7. Management decisions cannot be made independently by the franchisee;
8. No financial risk is borne by the franchisee;
9. Hiring and firing decisions cannot be made independently by the franchisee; and
10. Equity interest in the franchise is owned by the franchisor.

Where there are inconsistencies between the standards and procedures in this Section and other Sections of the Standards & Procedures as it relates to franchises, the procedures in this Section will prevail.

X. Certification Committee – National

The NGLCC National Certification Committee works to protect the integrity of the certification of LGBTBEs through ensuring that the best practices, policies, and procedures described in this document are implemented and enforced.

A. Composition

The National Certification Committee shall consist of an odd number, but no less than five (5) members. The Committee is comprised of one (1) corporate representative who also acts as the National Certification Committee Chair. The National Certification Committee Chair and a member of NGLCC staff designated by the President of the NGLCC act as the National Certification Committee Directors. The National Certification Committee also shall include to the extent possible at least one (1) attorney and one (1) Certified Public Accountant. The National Committee will also include at least one (1) LGBT owner. The remainder of the committee will be comprised of additional corporate or LGBT business representation.

All NGLCC National Certification Committee members will sign the NGLCC Certification Committee Confidentiality Agreement. All committee members and staff must sign this confidentiality agreement before reviewing files, a copy of which must be maintained in the NGLCC main office in accordance with NGLCC Retention and Destruction Guidelines.

1. Appointment

The NGLCC National Certification Committee Directors will appoint committee members annually and as needed. Members serve at the pleasure of the NGLCC National Certification Committee Directors and may be dismissed at any time with or without cause.

2. Length of Term

Committee members will serve a term of no less than two (2) years from the date of appointment, and will be renewed annually thereafter.

3. Training

Certification committee members will be initially trained within the first six (6) months of identification and will be retrained, at a minimum, every third year thereafter.

B. Meetings

1. The NGLCC National Certification Committee will meet at a frequency as deemed necessary by the NGLCC's National Certification Directors, and, at a minimum, quarterly.

2. A quorum for each meeting is five (5) members of the committee.

C. Responsibilities

1. Scope of Work

a. Oversight of Local Committees and National Review – The NGLCC National Certification Committee will periodically review a selection of applications from each Local Certification Committee in order to ensure that appropriate procedures were observed.

b. National Review – If the NGLCC National Certification Committee determines that a certification determination by a Local Committee may be erroneous, the NGLCC National Certification Committee will issue a Challenge, as described below in Section XIII. Challenge Procedures.

c. Document and Site Visit Review – The NGLCC National Certification Committee will occasionally perform Document and Site Visit Reviews in accordance to procedures detailed below for Local Committee Review. The National Committee will function in this capacity if deemed necessary by the National Certification Committee Directors.

2. Function

- a. Staff: information collection and dissemination only.
- b. Certification Committee: discussion and recommendations.

D. No Lobbying of Committee Members

Committee members are prohibited from (1) having contacts, outside of the site inspection review visits with, and (2) accepting any thing or service of value from, applicants whose applications are pending certification.

E. Anonymity of Business Affiliation

The business affiliation of site visitors shall not be disclosed or otherwise discussed during site inspection review visits.

F. Conflicts of Interest

1. Any conflict of interest must be disclosed to the reviewing committee, and the disclosing party must then voluntarily abstain from all discussion and vote. The following situations are not intended to be an exhaustive list of all conflicts of interest that may occur.
 - a. Any corporate or public entity committee member with a vested interest in the outcome of an eligibility review will disclose that interest and voluntarily abstain from all discussion and vote.
 - b. Any Certification Committee member with a competitive and/or business interest will disclose that interest and voluntarily abstain from all discussion and vote.
 - c. Both NGLCC and Local NGLCC Affiliate staff are ineligible to vote.

XI. Certification Committee – Regional

A Local Certification Committee is comprised of volunteers responsible for rendering a recommendation of certification or denial to the Local Certification Committee Chair.

A. Composition

The committee shall consist of an odd number, but no less than five (5) members. The committee is, to the extent possible, comprised of one (1) corporate representative who also acts as the Local Certification Committee Chair. The committee also shall include to the extent possible at least one (1) attorney and one (1) Certified Public Accountant. Each local committee will also include at least one (1) LGBT owner. The remainder of the committee will be comprised of additional corporate or LGBT business representation.

All Local NGLCC Certification Committee members will sign the NGLCC Certification Committee Confidentiality Agreement. All committee members and staff must sign this confidentiality agreement before reviewing files, a copy of which must be maintained in the both the Local NGLCC Certification Committee office and the NGLCC main office in accordance with NGLCC Retention and Destruction Guidelines.

1. Appointment

The NGLCC National Certification Committee Directors will appoint committee members annually and as needed. Members serve at the pleasure of the NGLCC National Certification Committee Directors and may be dismissed at any time with or without cause.

2. Length of Term

Committee members will serve a term of no less than two (2) years from the date of appointment, and will be renewed annually thereafter.

3. Training

Local certification committee members will be initially trained within the first six (6) months of identification and will be retrained, at a minimum, every third year thereafter.

B. Meetings

1. A Local Certification Committee will meet at a frequency as deemed necessary by the NGLCC's National Certification Directors, and, at a minimum, quarterly.
2. A quorum for each meeting is a majority of the members (half plus one).

C. Responsibilities

1. Scope of Work

- a. Documentation and Site Visit Review – An NGLCC Local Committee will review the completed applications of businesses seeking certification in order to make a determination of eligibility for certification based on the criteria detailed in Section VIII. LGBTBE Eligibility Standards.
 - b. Recommendation to the Local Certification Chair – After completing Documentation and Site Visit Review, an NGLCC Local Certification Committee will make a recommendation to its chair to certify or deny an applicant business entity.
2. Function
- a. Staff: information collection and dissemination only.
 - b. Certification Committee: discussion and recommendation.

D. No Lobbying of Committee Members

Committee members are prohibited from having contacts, outside of the site inspection review visits with, and accepting any thing or service of value from, applicants whose applications are pending certification.

E. Anonymity of Business Affiliation

The business affiliation of site inspectors shall not be disclosed or otherwise discussed during site inspection review visits.

F. Conflicts of Interest

- 1. Any conflict of interest must be disclosed to the reviewing committee, and the disclosing party must then voluntarily abstain from all discussion and vote. The following situations are not intended to be an exhaustive list of all conflicts of interest that may occur.
 - a. Any corporate or public entity committee member with a vested interest in the outcome of an eligibility review will disclose such interest and voluntarily abstain from all discussion and vote.
 - b. Any Certification Committee member with a competitive and/or business interest will disclose such interest and voluntarily abstain from all discussion and vote.
 - c. Both NGLCC and Local NGLCC Affiliate staff are ineligible to vote.

XII. Certification Procedures

The following details the certification process for all applicants seeking certification as an LGBT Business Enterprise by the NGLCC. Information will be reviewed and analyzed as it exists on the date the affidavit is signed and notarized. Organizational changes subsequent to the notarization date will not be considered during the eligibility review process. The NGLCC staff will request any and all documentation deemed necessary to establish a business' ownership and control by LGBT person(s). The decision to certify or deny an application will be based on the NGLCC guidelines in effect at the time the application is evaluated.

- A.** If an applicant fails to complete the documentation within the review and analysis period, the applicant will be notified that its affidavit will not be reviewed further and the certification affidavit will be filed as non-responsive. A new affidavit will not normally be accepted for a period of six (6) months or at the NGLCC Certification Chair's discretion.
- B.** Once an applicant submits a completed affidavit and appropriate supporting documentation, the following procedures will apply:
 - 1. The submitted affidavit will be logged in and dated by NGLCC staff for processing.
 - 2. NGLCC staff will evaluate the documentation for completeness and accuracy. The applicant's business references will be checked and other information certified by a third party as appropriate.
 - 3. All supporting documents must be submitted in their entirety prior to certification committee review and will be maintained as part of the permanent file in accordance with the NGLCC Supplier Diversity Initiative Document Retention and Destruction Policy.
 - 4. As provided in Section VIII. LGBTBE Eligibility Standards, the NGLCC Certification Committee will conduct a documentation review and a site inspection review.
 - a.** Documentation Review
 - i. Local Certification Committee members bear the responsibility of an initial recommendation for certification or denial based on an evaluation of all submitted documentation and document to file all findings in support of the recommendation.
 - ii. At any time during the review process, committee members may request additional documents in existence at the time of application, but not requested or provided at

the time of application, necessary to substantiate eligibility.

b. Site Visit Review

- i. A site visit review at the principal place of business will be conducted on one hundred percent (100%) of applicants to ensure that the findings of the Documentation Review are substantiated in the actual operation of the business. Generally NGLCC conducts site inspection reviews after staff determines that the application is complete.
- ii. If the Site Review corroborates the Documentation Review, a final recommendation is made. If there is any conflicting information or observation uncovered during the course of the Site Review, the information will be thoroughly documented and resubmitted for a second review at the immediately following Local Certification Committee meeting.

- C.** The NGLCC Certification Committee may request that an applicant submit to a further financial review of its accounting records and books beyond what is submitted with the application. The applicant will be advised of the request for the financial review. An applicant's failure to permit a financial review will result in denial.
- D.** If certification is awarded, the LGBT Business Enterprise is notified in writing within fifteen (15) days of the Committee Meeting. A certificate showing the type of certification issued, along with the written description and Standard Industrial Classification (SIC) Code(s) and the North American Industrial Classification System (NAICS) Code(s) indicating the functional mission of the LGBT Business Enterprise will be sent to the business. The LGBTBE is then listed on the NGLCC's Certified Supplier List and NGLCC BizLink for the duration of the certification period.
- E.** If certification is denied, the applicant will be notified in writing using a standard form letter approved by the National Certification Committee, in the form of Exhibit X attached hereto. Any business that disagrees with the denial may file an appeal directly with the NGLCC as outlined in Section XV. Appeal Process.
- F.** The NGLCC certification is valid for a period of one (1) year. Prior to the initial certification expiration date, LGBT Business Enterprises are required to complete a Re-certification Affidavit.
1. The NGLCC staff will transmit NGLCC Re-certification Affidavits to the LGBT Business Enterprise approximately four (4) months prior to the certification expiration date. However, it is the LGBT Business Enterprise's

responsibility to maintain current certification. The completed Re-certification Affidavits will be reviewed in order of receipt.

2. If there has been any change in ownership and/or control, documentation of the same will be required for renewal of certification. The applicant is responsible for notifying the NGLCC of such changes and submitting all applicable documentation.
 3. Site visits will be required at a minimum of every three (3) years and may be conducted at any time.
 4. A LGBT Business Enterprise that fails to submit all appropriate information/documentation for renewal within a reasonable period will have its status adjusted from "Certified" to "Expired" and its name will be removed from the NGLCC's Certified Supplier List. The LGBT Business Enterprise will be notified in writing of its expired status. If an LGBT Business Enterprise cannot meet the deadline due to special circumstances, an extension of time may be granted at the discretion of the NGLCC National Certification Committee Directors.
 5. If by reason of a change to NGLCC standards and procedures a currently certified company is no longer certifiable, the NGLCC Certification Committee may grant the company a sixty (60) day grace period from the date of the committee's review to come into compliance with the changed standard and procedure.
- G.** Applicants are required to notify the NGLCC Supplier Diversity & Corporate Relations Department within thirty (30) days of any substantive change in ownership or control of their business under the penalties provided by applicable law.
- H.** Upon written request, an applicant may withdraw an affidavit and supporting documentation without cause or prejudice prior to a determination of eligibility.

XIII. Challenge Procedures

Any third party may challenge the LGBT Business Enterprise status of any LGBT Business Enterprise. Confidentiality of the challenging party's identity will be protected. The challenge must be made in writing to the Chair of the NGLCC Appeals Committee. Within its letter, the challenging party must include evidence challenging the eligibility of an LGBT Business Enterprise. The letter should be addressed to:

NGLCC Appeals Committee
c/o NGLCC Supplier Diversity Coordinator
National Gay & Lesbian Chamber of Commerce
1612 U Street, NW, Suite 408
Washington, DC 20009

Within fifteen (15) business days, the Chair of the NGLCC Appeals Certification Committee will determine, on the basis of the information provided by the challenging party, whether there is reason to evaluate the challenge.

- A. If the Chair of the Appeals Committee determines that the challenge is not credible, the challenging party will be so informed in writing and the investigation of the LGBT Business Enterprise will be closed. If the challenging party believes the determination is in error, it may appeal the decision to the NGLCC Certification Committee Directors in accordance with Section XV. Appeal Process.
- B. If the Chair of the Appeals Committee or the NGLCC Certification Committee Directors determine that there **is reason** to believe that the LGBT Business Enterprise is not a *bona fide* LGBT Business Enterprise, the following steps will be taken:
 - 1. The LGBT Business Enterprise will be notified in writing that its NGLCC certification has been challenged. This notice will identify and summarize the grounds for the challenge. This notice will require the LGBT Business Enterprise to provide the NGLCC with information/documentation to refute the challenge within a time frame specified by the NGLCC.
 - 2. Once the requested information is received, the Chair of the Appeals Committee or the NGLCC Certification Committee Directors (depending on which party deemed the challenge credible) will evaluate the information/documentation available and make a preliminary determination. The LGBT Business Enterprise and the challenging party will be notified of the preliminary determination in writing, setting forth the reasons for the decision. The party which deemed the challenge credible may also provide an opportunity to the parties for a hearing to respond to the determination in person.
 - 3. Within ten (10) business days of the receipt of the requested information or hearing, whichever is later, the party which deemed the challenge credible will make a final determination and inform the parties in writing of the reason for the determination.
 - a. If the determination is to revoke the business' certification, the adversely affected party may reapply for certification one (1) year after notice of revocation is given.
 - b. While a challenge is pending, the LGBT Business Enterprise certification will remain in effect.

XIV. Revocation of Certification

- A.** An LGBT Business Enterprises may have its certification revoked by the NGLCC Certification Committee and suspended from eligibility in any of the participating entities' NGLCC programs for any of the following reasons:
1. If the business entity's ownership and/or control by LGBT person(s) has changed to the extent that the business is no longer a *bona fide* LGBT Business Enterprise in a Local NGLCC Certification Committee's reasonable judgment;
 2. If due to a challenge or some other reason, including a Program Review, a business entity's current certification eligibility is re-examined and the business is found not to be a *bona fide* LGBT Business Enterprise; or
 3. If a business is found to be engaging in business practices on any of the member's projects that circumvent the intent of the NGLCC's programs.
 4. Any official from the NGLCC Certification Committee or any of its members or any other interested party that discovers irregularities relative to the LGBT status of any of the NGLCC certified suppliers may provide a written statement to the NGLCC Appeals Committee Chair citing noted irregularities. Person(s) specifically challenging a business' LGBT Business Enterprise status will be advised of the NGLCC's Challenge Procedure. (See Section XIII. Challenge Procedures).
 5. LGBT Business Enterprises that are no longer active business entities, as well as suppliers that do not respond to requests for updated or new certification information/documentation, will be removed from the NGLCC's Certified Supplier List after sixty (60) days of non-responsiveness. Reinstatement will require complete re-application for NGLCC certification.
- B.** Within fifteen (15) business days of the revocation determination, the NGLCC Certification Committee Directors will notify the LGBT Business Enterprise of the decision and summarize the reasons for the decision.
- C.** Any business that believes that its LGBT Business Enterprise certification has been wrongly revoked may appeal as prescribed in Section XV. Appeal Process, unless revocation was the result of a challenge deemed credible by the NGLCC Certification Committee Directors.

XV. Appeal Process

An applicant denied certification may appeal that decision to the NGLCC Appeals Committee. The decision of the NGLCC Appeals Committee is final and the applicant and the NGLCC Certification Committee agree to abide thereby.

An applicant denied certification as a small business (separate and apart from NGLCC certification) must appeal to the Small Business Administration.

A. NATIONAL APPEALS

1. Appeals Committee

- a. The national appeals committee will be comprised of a minimum of three (3) and no more than five (5) NGLCC certification trained members appointed by the NGLCC Certification Committee Directors. The Committee will always consist of an odd number of members.
- b. Committee members will serve a term of no less than two (2) years from the date of appointment.
- c. A quorum for each meeting is a majority of the members (half plus one).
- d. The committee will use only NGLCC Standards and Procedures in support of their decisions.
- e. All committee members must sign a non-disclosure statement before reviewing files, a signed copy of which must be maintained in the NGLCC office in accordance with NGLCC Retention and Destruction Guidelines.

2. National Appeals Process

- a. Businesses denied certification by the NGLCC Certification Committee may request a meeting at the NGLCC to discuss the specific reasons for such denial. Said meetings are solely for informational purposes and are not intended, nor are they to be construed, as a hearing or appeal of the NGLCC's certification determination.
- b. An applicant may appeal the NGLCC Certification Committee Chair's decision by making a request in writing to the NGLCC Appeals Committee no later than thirty (30) days from the date of the denial letter. The appeal should be addressed to:

NGLCC Appeals Committee
c/o NGLCC Supplier Diversity Coordinator
National Gay & Lesbian Chamber of Commerce
1612 U Street, NW, Suite 408
Washington, DC 20009

- c. NGLCC staff will contact the applicant to inform the applicant of the review date for the appeal. During the appeal, the NGLCC Appeals Committee will consider all information as presented during the initial certification application process as well as any relevant and/or requested additional information. Changes in the business' ownership and control subsequent to the applicant's request for certification shall not be considered as evidence during the appeal process.
- d. The NGLCC Appeals Committee convenes twice (2) annually, and each appeal will be reviewed at the next meeting date. Additional meetings of the Appeals Committee can be called at the discretion of the NGLCC Certification Committee Directors. The Appeals Committee will convene, review the file and make a recommendation to the NGLCC Appeals Committee Chair.

Note: The Local NGLCC Certification Committee's original certification determination remains in effect pending any appeal.
- e. The applicant will be informed of the decision in writing within fifteen (15) business days. The decision by the NGLCC Certification Committee shall be upheld unless overturned by the NGLCC Appeals Committee.
- f. If the decision of the NGLCC Appeals Committee results in a denial, then the applicant may re-apply for certification one (1) year from the date of the NGLCC's original denial letter.

XVI. Non-Eligible Businesses

Agents, brokers, non-profit organizations, manufacturer's representatives, strategic alliances, as defined in Section VII. Definitions are not certifiable unless standard in the industry.

XVII. Local Committee Program Review

NGLCC maintains the right and responsibility to review of the work of the NGLCC Local Committee to ensure adherence to the certification standards and compliance with the procedures outlined herein. The review will be conducted (a) by the NGLCC National Certification Committee or trained staff designated by the NGLCC National Certification

Committee Directors, and (b) with such frequency and on such application files as the NGLCC National Certification Committee Directors may determine from time to time in their discretion.

¹ The NGLCC would like to thank WBENC for permission to use their Standards and Procedures in developing the definitions and criteria used in this document.