Contingent Workforce Program (CWS)

Supplier Audit Policy

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Supplier Compliance Validation

Policy

The Contingent Workforce Program requires suppliers to complete global and local pre-assignment requirements for workers prior to beginning assignment at 3M. Audits are conducted to ensure suppliers are in compliance with required law and 3M business policy. 3M business policy is intended to protect the company as well as workers. Visit the 3M Supplier Portal (www.3m.com/supplier) to view the global pre-assignment requirements. The Contingent Workforce Program will conduct regular supplier audits to ensure suppliers are compliant with the pre-assignment requirements.

Audit

In accordance with 3M's right to audit as defined within the supplier agreement, suppliers are expected to comply with audit requests. The Contingent Workforce Program will conduct an audit of 25% of new assignments on a quarterly basis. From the CWS reporting tool, a sample of all assignments newly created in the previous quarter will be identified, to include samples from each of the top 10 suppliers by volume and those suppliers who failed the previous quarter audit. Added to the sample of assignments will be assignments of workers from all suppliers that had failed the previous quarter's audit.

A communication will be sent to the applicable supplier account representative(s) and associated 3M contacts to inform them of an upcoming audit. Three days later, a communication to the applicable supplier account representatives will be sent requesting copies of specific dated documents for identified workers as evidence of completion of Global pre-assignment requirements..

Global pre-assignment requirements include the following:

- Global compliance requirements as outlined in the Global Business Process Map
- Local compliance requirements as outlined within the local on-boarding checklist

Suppliers will have two business weeks to respond and provide requested documentation as evidence of compliance. Contingent Workforce Solutions will obtain the documentation provided by suppliers and keep in a secured location for seven (7) years. The results will be compiled in an Excel spreadsheet attached to a Sharepoint request.

Results

Suppliers will receive a communication as well as an invitation to a training session upon failing an audit and each subsequent failure of an audit. Failing an audit consists of:

- Failure to produce appropriate documentation within designated timeframe.
- Failure to confirm pre-assignment requirements were met for a worker prior to start.

If documentation is missing, proof of corrective action initiation must be received by audit team within 2 business days of notification. Failure to produce initiation may result in additional corrective action up to and including termination of their supplier contract.

Continued failed audits will result in continued corrective action stages, up to and including termination of 3M's relationship with the supplier.

Corrective Action Stages:

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Stage 1:
Supplier fails one audit.
Action: Initiate termination of contingent worker assignment if audit results did not meet the pre-screening requirements. Supplier to complete re-training of pre-assignment requirement process within one week of audit results finalized. Supplier will be subject to subsequent audits until having demonstrated the necessary process controls.

Stage 2:
Supplier fails two consecutive audits within one year.
Action: Initiate termination of contingent worker assignment if audit results did not meet the pre-screening requirements. Supplier to complete re-training of pre-assignment requirement process within one week of audit results finalized. Supplier is not eligible to provide any new contingent workers for 60 days or until actions are corrected. May result in loss of preferred supplier status.

Stage 3:
Supplier fails three audits within one year.
Action: Initiate termination of contingent worker assignment if audit results did not meet the pre-screening requirements. Supplier no longer has ability to submit resources to 3M. Existing contingent workers will remain, but supplier relationship with 3M will terminate upon completion of those employee assignments or upon the end of the current agreement - whichever comes first. Contingent worker that is currently on assignment at that time will transition to another named supplier

Note: suppliers can request additional training/coaching on pre-assignment requirements at any time.

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Supplier Scorecard

A Supplier Scorecard has been developed to measure supplier performance. Suppliers will be scored on Speed, Cost, Quality, and Pre-Assignment Requirements compliance among other metrics.

Audit Calendar

	Month Audit Due											
Audit	***January***	***February***	***March***	***April***	***May***	***June***	***July***	***August***	***September***	***October***	***November***	***December***
CWS Supplier Compliance	X			X			X			X		

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