Contingent Workforce Program Access Requirements Audit

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Supplier Compliance Validation

Policy

The Contingent Workforce Program requires suppliers to complete global and local access requirements for workers prior to beginning assignment at 3M. Visit the 3M Supplier Portal (www.3m.com/supplier) to view the global and local access requirements. The Contingent Workforce Program will conduct regular supplier audits to ensure suppliers are compliant with the access 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 the total new assignments (capped where required by country) at 3M 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 spend and those suppliers who failed the prior quarter's audit, not to exceed a sample of 10 workers per supplier. A communication will be sent to the applicable supplier account representative(s) and associated 3M contacts to inform them of an upcoming audit. Within 3 business days, 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 all access requirements..

Access requirements include the following:

- Global compliance requirements as outlined on the Supplier Direct Portal (www.3m.com/suppliers)
- Local compliance requirements as outlined on the Supplier Direct Portal (www.3m.com/suppliers)

Suppliers will have fifteen (15) business days to respond and provide requested documentation as evidence of compliance. 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 access 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 proof of initiation may result in additional corrective action up to and including termination of the supplier contract.

Audit results will be comprised of one of the following statuses:

Compliant – Supplier provided all documentation within the requested audit timeframe; all documentation was complete and accurate

Failed but Compliant – Supplier did not provide documentation within the requested audit timeframe, or documentation was missing or incorrect, but supplier took required steps to complete and return all documentation within the outlined timeframe.

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Failed – Supplier did not respond to audit, did not provide all documentation, or documentation was incomplete or incorrect. Sufficient corrective action was not taken by the supplier.

Audit result status of "Failed" will result in progressive corrective action stages, up to and including termination of 3M's relationship with the supplier.

Corrective Action Stages:

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

Stage 2:
Supplier fails two consecutive audits.
Action: Initiate termination of contingent worker assignment if audit results did not meet the access requirements. Supplier to complete re-training of access requirement process within one week of audit results finalization. May result in loss of preferred supplier status and/or supplier may forfeit fees at risk per the terms of the 3M contract (consequences vary in the U.S.).

Stage 3:
Supplier fails three consecutive audits.
Action: Initiate termination of contingent worker assignment if audit results did not meet the access requirements. Supplier to complete re-training of access requirement process within one week of audit results finalization. May result in loss of preferred supplier status and/or supplier may forfeit fees at risk per the terms of the 3M contract (consequences vary in the U.S.).
Note: Suppliers may request additional training/coaching on access requirements at any time.
Note: CWS Team will provide 3M Sourcing with the status of all suppliers at the completion of the audit. If supplier has a contractual obligation regarding the access requirements, the contract will supersede the above consequences.

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Supplier Scorecard

A Supplier Scorecard has been developed to measure supplier performance. Suppliers will be scored on Cost, Quality, Efficiency and Risk (including Access Requirements compliance).

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		

As each country is deployed into the CWS Program, quarterly audits will be executed. Upon 3M approval from internal auditing, audits may transition to a semi-annual basis. Service and Contingent will be assessed as separate audits during the approval process. When approval is granted for a semi-annual audit, a determination needs to be made when each audit will happen (IE: not everyone audited the same quarter). In the event a supplier does fail due to a delivery error (IE: postal carrier did not deliver information during the specified timeframe), 3M and the CWS Program will review to determine final outcome for that supplier.

Presentation of Data

3M is responsible for running the audit data from the VMS and ensuring data integrity for the following:

- Top 10 suppliers by spend
- Failed suppliers
- Removing duplicate workers from the same supplier
- Workers that did not start at 3M
- Provide sub-supplier name if applicable

The report is generated on the 5th of the following of the new quarter and is presented to the MSP by the 9th day of the following quarter.

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