

# California Transparency in Supply Chains Act Disclosure

Updated July 17, 2018

The California Transparency in Supply Chains Act of 2010 requires manufacturers of a certain size to disclose their efforts to eradicate slavery and human trafficking from their direct supply chain for tangible goods offered for sale.

## Our Values: Reflected in our Policies and Standards

3M is committed to respect for human rights, in our own operations and in our supply chain. 3M's [Global Human Rights Policy](#) was originally adopted in 2013, and was most recently reviewed and reissued in February 2018. 3M became a member of the U.N. Global Compact (UNGC) in early 2014, thereby committing to align our operations and strategies with the UNGC principles on human rights.

Within our own business, 3M's approach for respecting human rights aligns with 3M's Code of Conduct, which recognizes the right of employees to have a respectful workplace. 3M continues to implement our human rights program through our global policy statements, and a management system utilizing self-assessments, audits and training.

3M's Business Conduct Policies clearly state the commitment for all 3M employees to comply with all applicable laws and regulations in the conduct of our business activities. This extends to laws regarding slavery or human trafficking in the countries in which we do business. Because we want 3M's values to be clear to all with whom we do business, 3M publishes its [Business Conduct Policies](#) in over 20 languages on the Internet. 3M's Code of Conduct requires 3M employees to select and retain suppliers, contractors, outsourced manufacturers and service providers who comply with all applicable laws and regulations and align with the 3M values in the areas of labor and human rights, the environment, health and safety, and ethics.

3M also has a [Supplier Responsibility Code](#), which outlines expectations for its suppliers to assure their programs and practices, as well as those of their sub-contractors, involved in the supply of products and/or services to 3M, conform to standards that are consistent with the 3M Supplier Responsibility Code. 3M's Supplier Responsibility Code is available in 10 languages and applies to the selection and retention of all 3M suppliers globally. Under this Code, 3M suppliers are expected to comply with all local country labor and human resource laws. The Code prohibits suppliers from using labor that is obtained through mental or physical coercion, physical punishment, slavery or other oppressive labor conditions. Further, suppliers cannot engage in any form of human trafficking, including forced labor and other forms of coercive conduct as well as the recruitment, harboring, transportation, provision, or obtaining of persons for commercial sex acts and the legal or illegal procurement of sex acts for anything of value.

More details on our expectations for suppliers are described in the Suppliers section of our [Sustainability Report](#).

## Our Supply Chains

3M's supplier network is a diverse, broad supply chain providing the many raw materials and services needed to support global manufacturing in the areas described above. We have over 85,000 suppliers from more than 115 countries classified in 16 categories and over 200 sub-categories. We procure from large multinational companies like our own, and from small and medium-sized businesses. Our material suppliers have suppliers of their own – 3M is typically 3-6 tiers away from the original source of the components of our purchased materials.

## Due Diligence Processes for Slavery and Human Trafficking

3M has a dedicated team to address the issue of modern slavery, which consists of involvement from the following departments:

- Strategic Sourcing
- Compliance and Business Conduct
- Legal
- Human Resources
- Sustainability
- Government Contract Compliance

This team is charged with implementing 3M's Due Diligence Management System, consistent with the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the related Due Diligence Guidance for Responsible Supply Chains, for identifying, and addressing, the risks of modern slavery in our operations and our supply chains, which includes:

- Ensure strong company management systems, including executive engagement
- Identify & Assess Supply Chain Risks
- Manage Risks
- Assess & Educate
- Report publicly on Due Diligence

## 3M Supplier Responsibility Code

3M sets a high bar for itself regarding labor and employment and it expects the same from its suppliers. The 3M Supplier Responsibility Code (and before that, our Supply Chain Policies) specifies the Labor, Health and Safety, Environment, Ethics and Management Systems expectations we have for our suppliers. The Labor section of our Supplier Responsibility Code includes baseline requirements in the areas of:

- Freely chosen employment
- Young workers
- Working hours
- Wages and benefits
- Humane treatment
- Non-discrimination
- Freedom of association

3M expects conformance to this Code by our new and existing suppliers, anywhere in the world, and for any supplied material or service. We expect suppliers to establish programs that are consistent with the 3M Supplier Responsibility Code, and this expectation is included in our global supply contracts. 3M evaluates Code conformance of existing and potential new suppliers through a self-assessment and

onsite audit program. More information about this work can be found below and in the Suppliers section of our [Sustainability Report](#).

### *Identification and Assessment of Potential Risk in our Supply Chain (“Verification”)*

To combat the risk of slavery and human trafficking, we take steps to identify those areas of our business where there is a risk of slavery and human trafficking taking place. As part of a global process, 3M consults key external informational resources to identify where there could be a risk of slavery and human trafficking.

3M follows a 3M supplier selection process, which includes, on a risk prioritized basis, an assessment of working conditions and employment practices, such as forced labor and human trafficking. Suppliers who do not pass this assessment do not qualify to be a 3M supplier.

For existing suppliers, 3M has implemented an annual supplier risk evaluation process to help assure that we assess prioritized suppliers that could be at risk for non-conformance with our Supplier Responsibility Code, including the human rights elements. The risk factors used in this process include geographic risk, type of operations or materials produced and annual 3M purchases. In determining geographic risk, we prioritize regions that have weaker governmental oversight on EHS and labor laws. Although we typically conduct supplier assessments internally, 3M’s overall supplier assessment program was reviewed and validated by a third party in 2013.

### *Assessments and Audits*

3M’s supplier assessment program is implemented by 3M’s Strategic Sourcing organization, with oversight from the 3M Responsible Sourcing Executive Environment Committee. This committee consists of executive leaders from 3M Supply Chain, Strategic Sourcing, Human Resources, Compliance and Business Conduct, Environment, Health and Safety, and Sustainability.

Suppliers prioritized for assessment as described above may be asked to complete a self-assessment questionnaire (“SAQ”). The SAQ is used to understand supplier programs and whether they meet the expectations of the Supplier Responsibility Code.

Following prioritized suppliers’ completion of the SAQ and review by 3M, a pre-arranged (announced) on-site audit may be conducted. If any deficiencies are identified during the on-site audit, a correction plan is developed. 3M conducts follow-up assessments or other communications to assure that deficiencies are corrected.

The supplier assessment includes a review of working conditions and employment practices such as forced labor and human trafficking. 3M internal staff conduct announced on-site assessments. More than 5,000 self-assessments or on-site assessments of suppliers have been conducted in prioritized countries, including China, India, Korea, Malaysia, Taiwan, Thailand, Brazil, Mexico, Russia and Turkey over the past 10 years.

Throughout the self-assessments or on-site assessments of suppliers, most suppliers have met 3M’s expectations. Those requiring improvement were given specific corrective action in order to retain 3M business. Suppliers with corrective action must pass a 3M re-qualification assessment after completing the necessary steps. Most suppliers work very quickly to address any 3M findings. Those suppliers unwilling or unable to take the necessary corrective action in a timely manner may be subject to termination by 3M.

### *Risk Mitigation, including Supplier Contracts (“Certification”)*

3M complies with all applicable laws and employment regulations and does not engage or participate in

forced labor or human trafficking. 3M has those same expectations for all suppliers doing business with us.

3M communicates its human rights and labor expectations to suppliers through contract clauses, links to 3M's website and in direct business meetings. 3M includes a clause in our purchased goods contract templates and our general purchase order terms governing our relationship with suppliers, which as a means of self-certification by suppliers, states that suppliers will not provide products or services to 3M that use labor "resulting from mental or physical coercion, physical punishment, slavery, human trafficking or other oppressive labor conditions." Human trafficking and forced labor-related provisions are also included in 3M's government contract flow-down requirements for suppliers.

3M's contracts and purchase order templates also contain provisions to which suppliers agree, as a form of self-certification, that they will comply with all applicable local laws and regulations and adopt policies consistent with 3M's Supplier Responsibility Code (and before that, our Supply Chain Policies), which include specific prohibitions against forced labor and other forms of coercive conduct, including labor that is a result of mental or physical coercion, physical punishment, slavery or other oppressive conditions. The Supplier Responsibility Code also prohibit suppliers and their employees from engaging in any form of human trafficking.

#### *Internal Accountability and Reporting Concerns/Grievance Mechanisms*

3M's [Code of Conduct](#) clearly states the commitment of all 3M employees to compliance with all applicable laws and regulations in the conduct of our business activities. This extends to laws regarding slavery or human trafficking in the countries in which 3M does business. Because we want 3M's values to be clear to all with whom we do business, 3M publishes its Business Conduct Handbook in over 20 languages on the Internet. 3M invests significant time and money on programs designed to help our employees to understand and follow our Code of Conduct Principles.

Pursuant to the Code of Conduct, employees are responsible for notifying management when they suspect that a violation of law or our policies has occurred or is likely to occur. 3M has several means by which an individual can report his or her concerns. An employee or any third party, including customers, suppliers, or the general public, may report a concern online or by phone, and may do so anonymously, if local law allows, through 3M's Compliance and Business Conduct independent third-party vendor, EthicsPoint, available at [www.3M-Ethics.com](http://www.3M-Ethics.com). In addition, employees have several additional ways to report issues, such as raising the concern to their supervisor, 3M Management, 3M Legal Counsel, 3M Compliance and Business Conduct, or any Human Resources professional.

Regardless of how concerns are raised, 3M will assign an individual to review the report and ensure that the concern is investigated and addressed in a timely manner. 3M does not tolerate retaliation of any kind for reporting a business conduct concern or cooperating with an investigation. 3M expects reports to be made in good faith. 3M employees in leadership roles are expected to act with integrity and honesty and to build a culture of compliance by working to prevent, detect and support the efforts to respond to potential violations of law and 3M policies.

#### *Human Rights Awareness and Training of Employees*

All relevant non-production employees are required to review and certify compliance with our Code of Conduct on an annual basis, and complete a series of mandatory business conduct trainings based on the employee's role and area of responsibility.

To assure that employees are aware of 3M policies related to human rights, including modern slavery and human trafficking, 3M offers a comprehensive online compliance training program for employees worldwide. The training modules are assigned to employees based on their roles and areas of responsibility. Completion of 3M's Code of Conduct and Ethical Decision Making Course is required for

all relevant new employees and all relevant employees on a two-year cycle. This course includes content on 3M's Respectful Workplace Principle, 3M's Human Rights Policy, and 3M's commitment to human rights. This course also provides awareness to employees about 3M's expectation for reporting all suspected violations of law or 3M Code and the different channels available for raising such concerns.

In addition to this course, a specific human trafficking course was deployed in 2016 (Introduction to Eliminating Forced Labor, Slavery, and Human Trafficking from the Global Supply Chain) and delivered in 2017 to global employees in 3M's Strategic Sourcing, Supply Chain, and Legal organizations.

Additionally, Assessor Training as part of 3M's Supplier Responsibility Code was updated in 2017 and being deployed to applicable 3M Strategic Sourcing, Supply Chain, Quality and Manufacturing professionals. The training and roll-out includes in-depth information on the assessment process and question sets on Freely Chosen Employment and Forced Labor.

3M's website also has information on corporate policies, as well as links and additional information on how to report any concerns. The external website was updated to include courses made available to our suppliers with information on the relevant laws and principles for doing business the right way. Online courses are available on our 3M Business Partner Compliance Awareness training site, which include:

- Global Bribery and Corruption Awareness
- 3M Anti-Bribery Awareness Course Certification
- Introduction to Eliminating Forced Labor, Slavery, and Human Trafficking from the Global Supply Chain
- Working Together to Prevent Corruption and Mitigate Compliance Risk for Distributors/Business Partners

## Further Steps to Improve Due Diligence

3M is committed to measuring and continuously improving the effectiveness of our due diligence program regarding modern slavery and human trafficking. To that end, our global implementation team holds regular meetings throughout the year for review and ratification by our executive steering team, focusing on relevant aspects of our due diligence management system described above.

The team meets with the intention to make further strides to combat slavery and human trafficking and continue to:

- Identify ways to improve employee and supplier awareness of 3M's commitment to respect human rights and efforts to prevent modern slavery and human trafficking.
- Staying abreast of information on global risks of slavery and human trafficking.
- Focus our assessment programs on internal and external operations with the highest risk of potential human rights violations.
- Enhance our due diligence management system to identify and address salient human rights issues within our sphere of influence, and stay aligned with internationally-accepted frameworks like the UN Guiding Principles.
- Strengthen contracts with suppliers, and other forms of self-certification by suppliers, that suppliers will not provide products or services to 3M that use labor resulting from mental or physical coercion, physical punishment, slavery, human trafficking or other oppressive labor conditions.