

# Information for Potential 3M Suppliers

Thank you for your interest in becoming a supplier to 3M. Quality suppliers and an efficient, highly motivated supply chain are critical to 3M's success in increasingly competitive global markets. Our key expectations for 3M suppliers are outlined below.

## **Our Business Relationship**

3M suppliers are expected to provide value-added products and services, which help 3M

- Differentiate 3M products and services
- Meet or exceed 3M customer expectations
- Better meet the challenges of our global markets.

Our supplier relationship must therefore help support organic 3M growth, reduce costs, improve 3M productivity and either reduce 3M's working capital demands or increase 3M's cash flow. If you are selected as a 3M supplier, you will be expected to demonstrate consistent improvement in each of these areas and to follow very specific 3M guidelines to help deliver lower total cost to 3M.

Our suppliers are also expected to comply with all applicable laws and to conduct business ethically. These and other expectations are more fully outlined in both our standard Purchase Order Terms & Conditions and our Sourcing Agreements. 3M has also developed various business conduct standards for its suppliers in areas such as the environment, workplace health & safety and human resources. Those standards continue to evolve in response to rapidly changing societal views on the proper role of transnational corporations and their role in shaping global supply chain performance.

As a matter of 3M corporate policy, 3M Sourcing Operations is responsible for managing the entire purchasing process working with both internal 3M clients and our suppliers and must approve all contracts for the purchase of goods or services.

## **Payment and Technical Requirements**

In order to be considered for selection as a 3M supplier you must agree to 3M's standard payment terms (2% 20 net 60) and have the following technical capabilities:

- Each invoice must match the corresponding 3M Purchase Order. Changes to Purchase Orders must be reported using electronic Purchase Order Acknowledgements. Invoices not matching 3M Purchase Orders will be returned unpaid.
- All transactions (i.e.: Purchase Orders, Purchase Order Acknowledgements, Invoices, Payments) must be processed electronically (EDI, Internet and EFT)
- 3M may decide to use electronic instead of traditional negotiation methods for

certain goods and services. Suppliers must be willing to participate in these e-negotiations (also known as e-auctions or reverse auctions – an internet tool that enables price negotiation by allowing suppliers to electronically post single or multiple bids for goods or services desired by 3M).

### **Supplier Selection**

3M suppliers are selected based on their ability to meet 3M requirements including technical capability, product and service quality, innovative product and service improvements, responsiveness, timely and accurate delivery, total cost, financial strength and best overall value. These are consistent with 3M's own expectations for service to its customers and reflect the spirit of partnership we expect with our suppliers.

### **Minority, Women, Small Woman-owned, and Small Disadvantaged Suppliers**

3M Sourcing Operations is committed to identifying minority, women, small woman-owned, and small disadvantaged sources for goods and services. 3M will endeavor to provide reasonable technical assistance to these types of firms that demonstrate significant potential for a long-term 3M relationship.

### **Supplier Management and Development**

3M suppliers are expected to participate in 3M's Supplier Management Process. This Process has been developed by 3M to help assure continuous supplier improvement and better communications between 3M and its supply chain. Depending on the goods or services you provide to 3M this Process can take various forms, such as the TQRDC (Technology/Quality/Responsiveness/Delivery/Cost) improvement model or jointly developed continuous improvement plans that take into account the unique challenges in specific supplier relationships. Regardless of the supplier management and development tools used, this Process also involves regular meetings between 3M and key suppliers.