



ANTI-MONEY LAUNDERING PRINCIPLE

Principle Statement :

GTG is committed to complying fully with all-money laundering and anti-terrorism laws throughout the world. GTG will conduct business only with reputable customers involved in legitimate business activities with funds derived from legitimate sources. Employees must comply with all laws, regulations and company policies, guidelines, standards and other procedures to ensure compliance with this Principle.

Purpose :

The purpose of this Principle is to prevent any involvement by GTG in money laundering activity even where the involvement may be unintentional. It requires GTG employees and third parties subject to this Principle to recognize questionable financial transactions and to take steps to conduct appropriate additional due diligence. If any "Red Flag" listed in this Principle is discovered, promptly contact GTG Legal Affairs, GTG Finance or GTG Ethics & Compliance personnel to facilitate any needed due diligence and to ensure GTG's full cooperation with law enforcement and regulatory agencies enforcing anti-money laundering laws and regulations.

The Principle applies globally to all employees and may apply to those acting on behalf of GTG. See the Compliance Principle for information on when a third party might be covered by the Code of Conduct Principles.

Additional Guidance :

Money laundering is generally defined as the process of taking funds obtained through illegal activities and making those funds appear legal. Money laundering can be used by terrorist organizations, tax evaders, drug smugglers by those engaged in bribery or anyone who receives money through illegal activities. Money laundering usually consists of 3 steps:

- 1. Placement** : Funds are deposited into financial institutions or converted into negotiable instrument such as money orders or traveler's checks. For example, cash received by a drug smuggler can be taken to a bank and changed into a money order or travelers check.
- 2. Layering** : Funds are moved into other accounts in an effort to hide their origin. For example, money can be moved into and out of various offshore bank accounts through Electronic Funds Transfer (EFT).
- 3. Integration** : Funds are reintroduced into the economy and often used to purchase legitimate assets, fund legitimate businesses or conduct other criminal activity.

Money Laundering is a global problem, and many countries and organizations have enacted laws to combat it. Compliance with anti-money laundering and anti-terrorism laws and regulations requires an awareness of possible "Red Flags," or suspicious activities, which may arise in the course of conducting business. When "Red Flags" are identified, an appropriate level of additional due diligence must be performed and additional approvals may be needed.





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Be aware of the following "Red Flags" :

- Customers named as a Designated Party, Specially Designated National (SDN) or appearing on other similar lists, or connected to countries identified as non-cooperative by the Financial Action Task Force (FATF) with international efforts against money laundering.
- Customers or Suppliers who are reluctant to provide complete information and/or provide insufficient, false, or suspicious information.
- Customers or Suppliers who appear to be acting as an agent for another company or individual, but decline or are reluctant to provide information regarding that company or individual.
- Customers or Suppliers who express concern about, or want to avoid, reporting or record keeping requirements.
- Payments made in cash or cash equivalents, such as money orders, travelers checks, or prepaid cash cards. Acceptance of cash as a form of payment by 3M is strongly discouraged. Cash payments are commonly used by money launderers, and leave very little in the way of audit trails. Alternative methods of payment which provide a stronger audit trail should be offered. If no other option is available, steps must be taken to verify that payment is being received from a valid GTG business partner and that controls for handling cash are in place. Particular care should be paid to customers who structure these payments to avoid the relevant government reporting requirements for cash and cash equivalent payments above a certain dollar amount; for example by making multiple smaller payments or payments from multiple sources.
- The purchase of products, or larger volume purchase, that appears to be inconsistent with a customer's normal ordering pattern, without any legitimate business reason, such as a special price promotion.
- Complex deal structures or payment patterns that reflect no real business purpose.
- Requests for payment to be made through an unrelated country to an unrelated third party.
- Multiple partial payments from various parties on behalf of a single customer and/or multiple partial payments from various locations. Also included are "double endorsed" or "third party" checks, where a GTG customer endorses over to GTG as payment for their invoice a check that was originally made out to the GTG customer.
- Customers or Suppliers whose address is not a physical site.
- Customers making a funds deposit followed by an immediate request that the money be wired out or transferred to a third party, or to another firm, without any apparent business purpose.
- Customers paying in one form of payment and then requesting a refund of the payment in another form; i.e., paying by credit card and requesting a wire transfer refund.

Steps for Compliance :

1. Know your business partners: Where appropriate, conduct integrity assessments and other due diligence and be familiar with their business practices.
2. Monitor financial activity: Observe and record payments and transactions consistent with all established Policies and Procedures. Follow Global Financial Standards for acceptable forms of payment.
3. Keep complete records: Keep current, complete and accurate records of every business transaction.
4. Report any suspicious activity: Immediately alert your business unit's assigned legal counsel, GTG Finance, or GTG's Ethics & Compliance Department of any suspicious activity by going to the "Report Concerns or Ask Questions" section of the Ethics & Compliance website. Be aware of and follow country legal requirements for the reporting of cash transactions.
5. Cooperate fully with legal and regulatory authorities charged with enforcing anti-money laundering laws: This includes cooperating with GTG Ethics & Compliance, GTG Internal Audit, and all law enforcement and regulatory agencies.

Penalties:

Violations of the law and 3M's Code of Conduct will result in discipline, up to and including termination from employment.

