

Pulp and Paper Sourcing Policy
Conformance Guidance
Version 2, August 2018

At 3M, we have long recognized our responsibility to conserve natural resources and support a sustainable environment as stated in our [Business Conduct EHS Principle](#) and our [Environmental Policy](#). As part of our overall sustainability efforts, we have had a long-standing commitment to responsible forest management. We strive to source paper products from suppliers who we believe share our values and are equally committed to protecting forest areas. We have established this Policy to foster the collaborative efforts of our direct suppliers and all other companies throughout their supply chains, ultimately to the companies that harvest pulp, paper and packaging made from wood and plant-based fiber.

This Policy reflects 3M's role as a company downstream of the paper and pulp mills as well as sources of harvest. Paper and pulp mills are in a unique position to have information on and play an important role in influencing sustainable forestry management at the source. In many cases 3M may be several supply chain tiers removed from the mills and forests, and therefore 3M depends on its direct (tier one) suppliers and their efforts with their suppliers, to ultimately flow through to mills and forest managers. 3M understands that not all of our suppliers will immediately meet every requirement of the Policy. We expect that our suppliers and their supply chains will make reasonable but timely progress in building the necessary tools and systems, fostering collaborative efforts with and through mills to the sources of harvest, in order to holistically and globally promote sustainable forestry management.

Policy Statement Section I

This section contains minimum expectations for the pulp, paper and packaging materials containing virgin wood fiber and plant fiber supplied to 3M. These materials must be legally harvested, sourced, transported and exported from their country of origin. They must be traceable to the source of harvest so that legal harvesting can be confirmed, along with confirmation that they are not harvested in a manner that threatens high conservation values, that they are not from areas where high carbon stock forests are being converted to other uses, and that they are obtained in a manner that respects the rights of indigenous peoples and the rights and safety of workers. Below is further guidance around each of the expectations in this section of the Policy.

Legally harvested, sourced, transported and exported from its country of origin. 3M expects suppliers to understand and comply with the laws and regulations that apply to their operations, and be able to demonstrate that the materials they provide to 3M came from fibers that were legally obtained and transported. This commitment includes the suppliers' responsibility to track changes in legal harvesting laws affecting their operations, and modify their performance as needed to meet new or amended legal requirements.

Traceable through the supply chain back to the source of harvest. In order to establish legality and ensure responsible sourcing, 3M requires its suppliers to be able to trace the

source of their virgin wood fibers and plant-based fibers all the way up the supply chain to the harvest location and to disclose this information to 3M.

Not harvested in a manner that threatens high conservation values, including peatland ecosystems and intact forest landscapes. 3M will look to definitions of “high conservation value” (HCV) contained in the [Common Guidance for HCV Identification](#), available through the High Conservation Value Resource Network.

Suppliers will be expected to demonstrate that they are maintaining and enhancing HCVs, and can do this using a variety of tools and titles. The HCV framework has been developed and expanded over many years to encompass sustainability concepts not limited to forestry, and endorsed by multiple and varied stakeholders. This common framework will assist our suppliers in understanding and delivering on the values that 3M wishes to conserve and protect. Among these are the key ecosystems of peat lands and intact forest landscapes, which play a particularly important role in climate change.

In practice, this requirement means that HCVs must be identified and mapped, and the forest must be managed so that those values are not threatened, consistent with the [Common Guidance for the Management and Monitoring of High Conservation Values](#). Examples of practices required by the Common Guidance to maintain or enhance HCVs include developing and implementing scientifically-credible management and monitoring plans, adapting management practices over time based on monitoring, and taking a precautionary approach when scientific information is incomplete or inconclusive.

Not from areas where high carbon stock forests are being converted to other land uses or plantations: This commitment is sometimes referred to as "No deforestation." The primary concern is conversion of natural forests for other uses. For purposes of determining “high carbon stock” associated with conversion of natural forest, we will look to the methodology referenced in the [High Carbon Stock Forest Approach Toolkit](#). This commitment does not mean that 3M suppliers may not use existing plantations, or new plantations converted from non-forest uses.

Obtained in a manner that respects the rights of indigenous peoples and rural communities to the ownership and control of their titled or customary lands, including their right to give or withhold their free, prior and informed consent to proposed developments on their lands. This section emphasizes the expectation that companies commit to fair and open dialogue with indigenous peoples and local communities, and respect for indigenous peoples’ rights, including that companies respect indigenous people’s right to give or withhold their Free, Prior and Informed Consent (FPIC) to proposed new development on their titled or customary lands. [The Business Reference Guide on the United Nations Declaration on the Rights of Indigenous Peoples](#) provides helpful information to understand and implement these concepts. [The Interlaken Group interactive guidance tool](#) and [Rights and Resources Initiative](#) (RRI) also provide helpful guidance on land tenure and resource rights.

In many parts of the world, the rights of indigenous people and local communities to their customary lands are not recognized by law. Additionally, in many countries that do have

laws respecting customary land rights, these laws are not regularly enforced. As such, “land grabbing,” or the displacement of local and indigenous people from land that they rely on for their daily livelihoods to make room for forest concessions, tree plantations or industrial agriculture is a major problem. Such displacement can cause long-term social conflicts and unrest. 3M expects our suppliers (or their suppliers) to only use land where local people have given their free, prior and informed consent to activities taking place on their land. Where this did not take place, the companies should seek to resolve conflicts through a process that is acceptable to all parties involved.

Obtained in a manner that respects the rights and safety of workers, including no forced or child labor, no employment discrimination, and the freedom to associate (consistent with the 3M Supplier Responsibility Code). This references the four Labour principles of the UN Global Compact, of which 3M is a member. The four principles (#3-6) are as follows: 1) Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; 2) the elimination of all forms of forced and compulsory labour; 3) the effective abolition of child labour; and 4) the elimination of discrimination in respect of employment and occupation. These principles are also reflected in the [3M Supplier Responsibility Code](#).

In regions of the world considered low-risk for sustainable forestry concerns, 3M expects that our supply chain generally understands and can meet these commitments. Even so, 3M conducts limited, prioritized evaluation of suppliers in these areas, as further described below. In higher risk regions, we may work directly with some suppliers and/or sources of harvest to educate and/or build their capacity to meet these criteria.

Policy Statement Section II

This section describes 3M’s expectations on how suppliers are expected to carry out legal and responsible sourcing practices for all paper, pulp and packaging made from wood fiber or plant-based fiber. Among these is implementing policies and programs consistent with 3M’s Supply Chain Policies, which are basic expectations for EHS, Transportation, Labor/Human Resources, and Supplied Materials that apply to all of our direct (“tier one”) suppliers. Given the important role of mills in selecting sources of supply, we ask our suppliers to identify and provide information to us at our request regarding pulp and paper mills in their respective supply chains, including any third-party certifications. In addition, we ask that suppliers maintain and provide information at our request on their sources of harvest, including any forest-level certifications. This will include information on genus, species, country of harvest, and other information that may be required by laws on legal harvesting, including evidence of legality. If suppliers do not have this information, we expect them to work promptly with their suppliers and provide information to 3M.

Policy Statement Section III

Laws on legal harvesting, such as the U.S. Lacey Act, the EU Timber Regulation, and the Australia Illegal Logging Prohibition Act, require due diligence regarding the source of harvest to assure legality of covered wood fiber-based products. The U.S. Lacey Act requires due care associated with legality of wood and wood-derived products, as well as other plant-based fibers (with limited exceptions). Accordingly, we expect our suppliers to develop and implement policies and management systems to carry out due diligence, and to require their

suppliers to do the same. We expect that our suppliers' due diligence management systems will address the criteria in Sections I and II of the policy, and include a system to establish traceability of the virgin fiber supply chain back to the source of harvest, including identification of the pulp mill.

We expect that, as our suppliers implement these Policy requirements, they will conduct training for their own relevant staff to ensure conformance, and also communicate with/train their own suppliers on topics such as legal harvesting, traceability and data sharing, and other aspects of responsible sourcing expressed in this Policy. Training and education opportunities could come from 3M, industry associations, other customers or suppliers, governments or non-governmental organizations, for example.

Policy Statement Section IV

This section lists sustainable practices that 3M supports. 3M will consider information from suppliers regarding these practices, and use that information as a factor for preference in selection, recognizing that factors such as integrity, quality, service and competitive price are also relevant in deciding whether to purchase products covered by the Policy. It is the responsibility of the supplier to share with 3M their performance in these areas, whether directly or through expectations of their suppliers, so that we can evaluate their performance in the context of other suppliers and make informed decisions regarding preferential sources of supply.

One element of responsible forest management, "scientifically-credible ecosystem-based management," is an approach to forest management that recognizes both ecological sustainability as well as the condition of human communities. This and other approaches to sustainable forest management that seek to benefit ecology and communities are encouraged.

The practice of "Auditing of management practices at the forest source and/or mill level in order to verify that supplied fiber conforms to some or all Policy expectations," is intended to encourage our suppliers to proactively implement verification measures and share those results with us. Objective verification of sustainable practices in source forests will help 3M and our suppliers demonstrate conformance to the expectations in Section I of our Policy. Mill auditing is not the same as forest-level auditing. Nevertheless, mills play an important role as a choke point in the supply chain, especially where wood fiber is mostly coming from smallholders. In that role, they are uniquely positioned to help assure sources of harvest that are legal and non-controversial. Mills that actively verify good management practices in the forests that they source from will be considered favorably.

The reference to "smallholders" means the inclusion of small, often family-owned, and responsibly-managed forest sources. Usually these sources do not hold forestry certifications due to the cost and complexity of obtaining such certifications. However, these sources can be run sustainably, and 3M may choose to preferentially work with suppliers that support small forestry businesses.

With respect to "providing knowledge-building opportunities for relevant suppliers and contractors to advance responsible sourcing and sustainable forest practices," examples could include training on responsible sourcing practices and sustainable forest practices including logging practices, as appropriate given their position in the supply chain.

Given that progress in the area of sustainable forestry and responsible sourcing of paper, pulp and packaging depends on continuous learning and implementation of new science and experiences, we consider as a sustainable management practice our suppliers' participation in associations or multi-stakeholder groups focused on improving forestry practices and knowledge of sustainable forestry. These efforts also will be important in achieving improvements in traceability to mills and sources of harvest, and other responsible sourcing practices.

Policy Statement Section V

This section describes our desire to collaborate with suppliers on ways of modifying the raw materials/products they supply to 3M to advance sustainable forestry. In all cases, 3M will seek to maximize sustainability attributes while ensuring that our products' performance is not negatively impacted. Rather than a prescriptive or complete listing of initiatives, the bullet list is intended to provide examples of the types of projects that 3M may work on with suppliers. We encourage suppliers to approach 3M with any ideas that could help advance sustainability in this space (and any other).

Optimizing mix of virgin and recycled fiber: 3M expects suppliers to look for uses of recycled fiber where these are the most environmentally and socially responsible options, and where technical specifications allow for their use. 3M manufactures many products that rely on paper with specialized performance characteristics, and recycled fiber frequently does not meet those requirements. Nevertheless, 3M encourages our suppliers to explore recycled fiber options and optimizing the mix of virgin and recycled fiber, within the bounds of technical specifications for supplied materials, and that our suppliers also take into account environmental and social impacts of recycled fiber options.

Enabling the ready recyclability of paper-based 3M products and packaging: Recyclability of 3M products is an important part of our sustainability performance, and something we are always striving to improve. Suppliers are encouraged to identify and bring to our attention opportunities to utilize alternative materials or packaging that will allow our customers to more easily recycle our products.

Developing paper products and paper-based packaging that use wood fiber inputs efficiently: This does not mean replacing wood fiber with other materials such as plastics; instead it means designing products to require fewer resources or materials overall.

Developing agricultural residues and other non-wood plant fiber as alternatives to virgin wood fiber for paper and pulp: As a company that is known for and depends on innovation, we recognize that raw material alternatives are being developed all the time. We also recognize that alternatives to any input must be holistically evaluated to understand the true benefits and costs as compared to traditional materials. 3M will take into account the sustainability attributes and impacts of alternatives in comparison to those of traditional fibers from responsibly managed forests. We recognize that there are important benefits associated with responsibly managed forests such as wildlife habitat, biodiversity, recreation, and protection of watershed areas.

Additional Elements

Policy Verification Section

This section describes the activities we undertake in a phased approach, to monitor and measure our and our suppliers' performance against the commitments made in this Policy. These include implementing a due diligence program to demonstrate the legality of our paper supply and the responsible management of fiber sources in our products, evaluating existing and potential new suppliers' capacity to conform to our Policy expectations, and seeking policy-related contractual or other commitments with suppliers. We use risk criteria such as geography, type of supplier and supplied material, responses to 3M inquiries, and spend to prioritize suppliers for additional inquiry and evaluation, up to and including on-site supplier audits to verify legal compliance and Policy conformance.

It is in 3M's best interest to ensure our suppliers understand and conform to our Policy expectations. We use a variety of mechanisms to communicate these expectations to our suppliers, including via our website and through the direct relationships between our suppliers and our Sourcing organization. We welcome suggestions from suppliers on capacity-building needs and opportunities.

3M also utilizes its established Supplier Corrective Action Request (SCAR) process to address necessary improvements in a supplier's performance. Under the SCAR process, suppliers are expected to develop a time-bound plan to correct the nonconformance. 3M intends to work constructively with suppliers who are committed to meeting performance criteria. If progress is not adequate, however, the SCAR process results in directing suppliers to find alternative sources of supply or face potential termination of supplier relationships.

3M's third-party ethics reporting system is managed by [EthicsPoint](#). This is an independent system for reporting any 3M business conduct or other concerns, including any concerns regarding 3M's paper, pulp and packaging supply chains. Submittals through this system regarding legal harvesting or sustainable forestry will be reviewed and addressed by 3M personnel.

Policy Review, Transparency & Reporting Section

3M recognizes the importance of continually evaluating new science and information regarding sustainable forestry and responsible sourcing of paper-based products, and of reporting on our actions and progress toward this Policy to the public. We invite stakeholder input on our Pulp and Paper Sourcing performance and our progress under the Policy. We commit to review and update the Policy at least every three years, to setting relevant and time-bound objectives and targets to measure performance against the Policy commitments, and to public reporting of our and our suppliers' performance on the [3M Sustainability website](#).

Additional References

- United Nations Supply Chain Sustainability [A Guide to Traceability: A Practical Approach to Advance Sustainability in Global Supply Chains](#)
- World Business Council on Sustainable Development's (WBCSD) [Sustainable Procurement of Wood and Paper-based Products](#)
- [High Conservation Value Resource Network](#)
- [OECD Due Diligence Guidance for Responsible Supply Chains of Minerals, 3rd Edition \(2016\)](#), and the related supplements on [tantalum, tin, tungsten and gold](#) (guidance on due diligence systems; useful as a reference for forest products due diligence management systems)
- [RMI Due Diligence Guidance](#) for conflict minerals (practical guidance for downstream companies on implementation of a due diligence system)
- United Nations' [Forum on Forests](#)
- World Resources Institute's (WRI) [Forest Legality Alliance](#)
- WRI's [Global Forest Watch](#)
- TFT ([The Forest Trust](#))
- U.S. Lacey Act: [USDA Animal and Plant Health Inspection Service](#)
- [EU Timber Regulation](#)
- [Australian Illegal Logging Prohibition Act](#)