**TEMPLATE outline: Pulp and Paper Due diligence management system**

Initial Date:

Update Date:

**NOTE:**3M is providing this template outline of a Due Diligence Management System to suppliers as part of its supplier education and capacity-building efforts under the 3M Pulp and Paper Sourcing Policy.  3M's Policy, Section III expects that suppliers will develop and implement a due diligence management system, and require their suppliers to adopt one as well.  This outline is a basic and high-level five-step framework for such a system.  It is annotated to indicate how certain elements of this five-step framework correlate to specific expectations in 3M's Policy.  Suppliers can use this template as a basic framework and fill in the elements as appropriate for their company and supply chain characteristics.  The template is intended to allow for flexibility in approaches on implementation, so as not to limit innovative solutions and improvements in systems and approaches over time.  
  
**DISCLAIMER:**  The OECD Guidelines for Multinational Enterprises recognize that a company's processes must be tailored to the particular facts and circumstances of the individual enterprise, taking into account size, complexity, and supply chain characteristics.  Each company must make its own judgment whether, based on its circumstances, following this outline or any other set of practices satisfies its obligations as a responsible corporate citizen or under applicable laws, including laws on the legal harvest, export and sourcing of pulp and paper.  No part of this document constitutes legal advice, and the choice to use any part of this document is made at the user's sole discretion.   This is a generic and high-level outline and should not be interpreted as a definitive or comprehensive due diligence management system.  Users of this document should consult with their own legal and regulatory experts for purposes of their obligations under applicable laws, including pulp and paper-related laws on legal harvesting, or as a responsible corporate citizen.  

Contents

[Introduction](#_Toc386712747)

[Step 1: Establish strong management systems](#_Toc386712748)

[Step 2: Identify and assess risks in the supply chain](#_Toc386712749)

[Step 3: Design and implement a strategy to respond to identified risks](#_Toc386712750)

[Step 4: Audit supply chain due diligence](#_Toc386712751)

[Step 5: Report on supply chain due diligence](#_Toc386712752)

This Pulp and Paper Due Diligence Program[[1]](#footnote-1) details [XXXX company’s] management system for due diligence applicable to paper and pulp materials.

## A. Adopt, and clearly communicate to suppliers and the public, a company policy for the supply chain of pULP and PAPER materials

Include information about your company policies or standards and programs regarding sourcing of pulp and paper materials, and how you communicate those policies or standards to suppliers and to the public. The policy and programs should address compliance with laws on legal harvesting as well as elements regarding conformance to sustainable forestry and responsible sourcing (environmental and social aspects).

*3M Pulp and Paper Sourcing Policy (the “Policy”), Section II (policies and programs consistent with 3M Supply Chain Policies on EHS, Transportation, Labor and Human Resources . . . .)*

*Policy Section III (develop and implement policies . . . for sourcing of paper and pulp)*

*Example:* [*3M Pulp and Paper Sourcing Policy*](http://multimedia.3m.com/mws/media/1033586O/pulp-and-paper-policy.pdf?fn=Pulp%20and%20Paper%20Sourcing%20Policy%20M)

## B. Structure internal management to support supply chain due diligence

Discuss the resources assigned to this program, including their staff and/or business group area of expertise. Include information on the management sponsors for your program.

***Internal Training and Communication***

List internal training and communications, including target audiences, and processes for ongoing training to relevant employees. Indicate where training materials are kept.

*Policy Section III (training on Policy concepts for relevant employees)*

## C. Establish a system of controls and transparency over the plant-based materials supply chain

Describe your traceability and other systems to interact with your suppliers and their suppliers and understand your pulp and paper materials supply chain, including pulp mills and forest sources. Include your process for existing suppliers, as well as potential new suppliers.

*Policy Section III (develop and implement a verifiable, documented system to establish traceability back to the source of harvest, including identification of pulp mill).*

*Example: 3M Pulp and Paper Supplier Inquiry Process*

## D. Strengthen company engagement with suppliers

Describe your expectations for suppliers, and the tools you use to communicate those expectations to them. This could include policies or standards, codes of conduct, contract language, specifications, a company website, etc.

*Policy Section III (develop and implement methods of requesting suppliers adopt policies and due diligence management systems for sourcing of paper and pulp)*

*Example:* [*3M.com/suppliers*](http://solutions.3m.com/wps/portal/3M/en_US/SD/Supplier/?WT.mc_id=www.3m.com/supplier)

***Supplier Capacity Building***

Describe ways you interact with suppliers to educate them and otherwise build their understanding of your sourcing expectations. Indicate where your suppliers can access training materials. Describe your process for encouraging supplier response and engagement with respect to supplier inquiry.

*3M Policy Section III (training/communication to suppliers)*

*Example:* [*3M Pulp and Paper Sourcing webpage for suppliers*](http://solutions.3m.com/wps/portal/3M/en_US/SD/Supplier/Requirements/PulpPaperSourcing/)

## E. Implement measurable improvement plans with suppliers when needed

Describe how you work with suppliers to assure legality and drive improvements in policy conformance, and actions you take if reasonable progress is not made in a timely manner.

*Example: Policy verification section and accompanying Guidance.*

## F. Establish a company-level grievance mechanism as an early-warning risk-awareness system

Describe the mechanisms by which employees or external stakeholders can alert your company to concerns about their forest products supply chain, and the process for addressing those concerns.

*Example: Policy Verification section and accompanying Guidance (grievance process for reporting and follow-up)*

## g. maintain program records

Describe your record retention system.

## h. identify continual program improvement opportunities

Identify metrics you use to monitor aspects of your pulp and paper responsible sourcing program, and how you assess and improve program implementation.

*Example: Policy Review, Transparency and Reporting section*

Describe the nature of your pulp and paper supply chain and the criteria used to evaluate the relative risk across your supply chain, in order to prioritize supplier engagement.

Describe your supplier inquiry process for gathering information and evaluating compliance status under applicable global legal harvesting laws. Describe how the supplier information is reviewed for potential gaps in legality-related information and for identification of potential higher risks that require mitigation.

Describe how you review and evaluate supplier information for purposes of conformance to the social and environmental-related aspects of your company policies on pulp and paper sourcing.

*Policy Section I (legality; social and environmental aspects)*

*Policy Section III (develop and implement a system to establish traceability back to the source of harvest, including identification of the pulp mill).*

## A. REPORT FINDINGS TO DESIGNATED SENIOR MANAGEMENT

Describe how you report on the progress of your Due Diligence Management System to your management sponsors, including metrics, supply chain risk mitigation, etc.

## b. DEVISE AND ADOPT A RISK MANAGEMENT PLAN

Describe how you manage identified risks within your supply chain, including how you will engage in measureable risk mitigation with suppliers (aiming to promote progressive performance improvement within reasonable timescales). Describe how you decide if/when to terminate a supplier that is not meeting your company’s expectations.

*Example: Policy Verification section (supplier corrective action process)*

## C. Undertake additional fact and risk assessments for risks requiring mitigation, or after a change of circumstances

Describe how you require from suppliers additional facts or risk assessments: 1) in the context of risk mitigation, or 2) after changes to your supply or supply chain warrant modifications.

Describe your company’s program to verify legality and policy conformance within your pulp and paper supply chain. This could include an independent audit program led by your company or a consultant, third-party forest management certification programs, and/or by participating in industry collaborative auditing programs where those programs exist. Include details on how audit priorities are identified, how findings are communicated and addressed, and how metrics are applied.

*Example: Policy Verification section (prioritized and risk-based auditing, relying on industry collaborative programs where they exist)*

Describe how and how often you report to internal and external stakeholders the status and progress of your Due Diligence Management System.

*Example: Policy Review, Transparency & Reporting section*

1. This five-step outline is modeled after the five-step framework in the Conflict-Free Sourcing Initiative’s *Reasonable Practices* due diligence guidance, which has additional detailed guidance under each step. That document in turn is modeled on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High Risk Areas (2011), as applicable for downstream companies. The OECD also has Guidance for companies in the upstream portion of the supply chain (close to or a direct relationship with the original source), [↑](#footnote-ref-1)