

3M Pulp & Paper Sourcing Policy

Forestry Certifications



Sustainability
and You

Objectives

- Clarify how 3M policy relates to forestry certifications
- Provide background information on forestry certifications for 3M suppliers



Note: this material was developed in close consultation with TFT, 3M's Pulp and Paper Sourcing Policy implementation partner.

3M Pulp & Paper Sourcing Policy Approach

- 3M policy encourages third-party certification - indirectly
- 3M policy sets out expectations for what goes into 3M products based on 3M values – as a brand-led approach
- 3M policy does not prioritize one certification over another – we take a certification-neutral approach
- At the Forest Management level, certifications can provide valuable assurances that *certain* aspects of 3M’s sourcing policy are met
- 3M’s policy expectations and guidelines are consistent with many forest certification standards
- Certification also used as one aspect of legal harvest verification



3M Policy Expectations

Apply to 3M Tier 1 Suppliers

- Compliance with applicable legal harvesting laws
- No deforestation/conversion - protection of “High Carbon Stock” forests
- Protection of “High Conservation Values” including intact forest landscapes and peatlands
- Free, Prior and Informed Content (FPIC) of indigenous people, protection of traditional rights
- Protection of Worker Rights (human rights, health & safety)

All forest management certifications provide a certain degree of assurance that these expectations are being met.

FSC Forest Management Standards, if well implemented, SHOULD address these issues (although each country standard can differ); other standards are not as comprehensive in some of these areas.

HOWEVER, implementation can vary in all certification systems.



3M Policy Expectations continued

Apply to 3M Tier 1 Suppliers

- Traceability through supply chain to forest source, and disclosure of that information to 3M upon request
- Sourcing policy and due diligence program similar to ours
- Expectation that their suppliers also have a similar policy and due diligence program
- Training/communication about policy requirements to relevant employees and suppliers

These issues are not necessarily required in the major certification schemes, thus could be considered “beyond certification” expectations from 3M

Two Global Certification Schemes

Forest Stewardship Council (FSC)

- Non-profit, founded in 1993
- Bonn, Germany
- Third party auditing
- On-product labeling
- Chain of Custody (CoC) and Forest Management (FM) certification
- Public reporting (for FM)
- Open membership (social, economic, environmental chambers)
- Writes standards for forest management

Programme for the Endorsement of Forest Certifications (PEFC)

- Non-profit, founded in 1999
- Geneva, Switzerland
- Third party auditing
- On-product labeling
- CoC and FM certification
- Public reporting (for FM)
- Organization-based membership
- Endorses standards for forest management



Standards Under FSC and PEFC

Forest Stewardship
Council (FSC)

FSC forest management
standards for over 30
countries

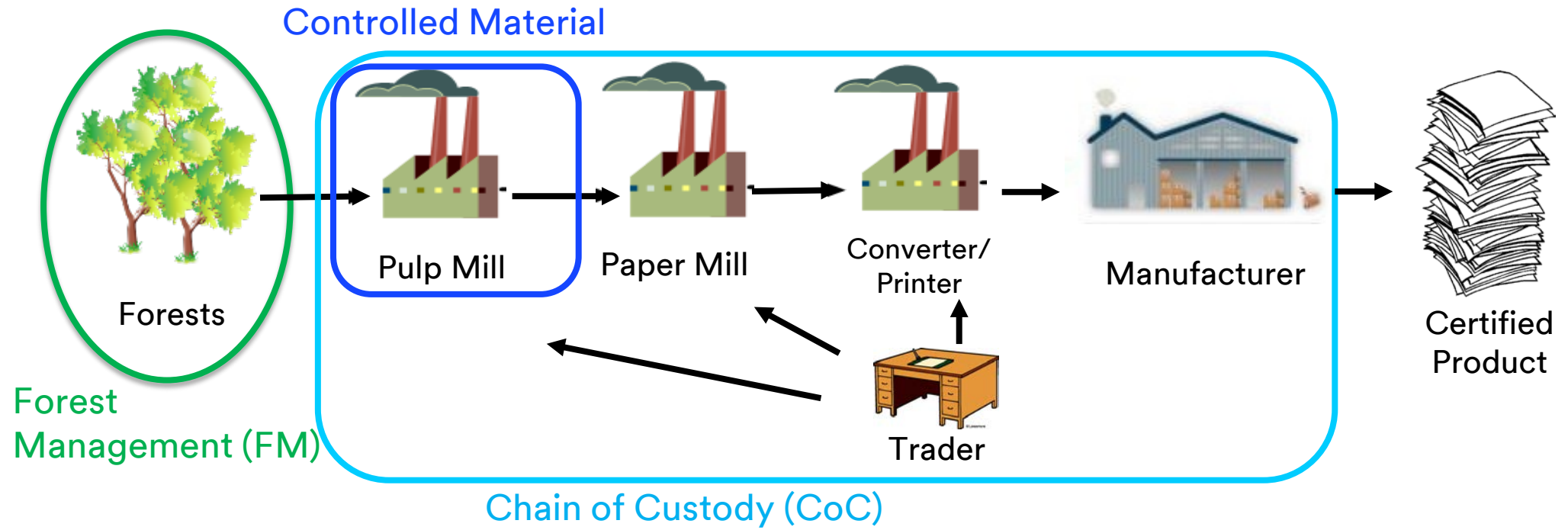
Programme for the Endorsement of
Forest Certification (PEFC)

- Sustainable Forestry Initiative (SFI) – in North America
- American Tree Farm System (ATFS) – for US smallholders
- China Forest Certification Council (CFCC)
- Plus many more

Both schemes can have variability in requirements and implementation

Types of Certifications

- Forest Management (FM)
- Controlled Material (various)
- Chain of Custody (COC)



Chain of Custody (CoC)

NOTE: CoC Certification does not cover forest management practices



Forest Management Certification

Definition:

This type of certification is issued to a forest owner or manager who is assessed to be managing forests according to the standard.

Basic principles:

- Legal compliance
- Protect sensitive species and habitats
- Prevent forest conversion
- Minimize impact from harvest operations (soil, water quality)
- Rights of communities and indigenous people
- Sustainable harvest levels



Forest Management Certification

Benefits

- Comprehensive and cover many aspects of responsible production – socially and ecologically important areas like High Conservation Value (HCVs), Legality, indigenous peoples' rights, Workers Rights
- Stakeholder buy-in through roundtable development
- Provide assurances of what practices are used on the ground
- Third-party auditing
- Public reports
- Market access and potential price premium

Limitations

- Limited global coverage
- Costly for producers
- Can lead to exclusion of smallholders (difficult to fulfill and costly)
- Can lead to supply and logistics issues
- Complicated standard with differing country-level implementation

Controlled Material

- Different certification schemes have different ways to ensure that potentially risky uncertified material is not used in certified products.
 - FSC: Controlled Wood
 - PEFC: Controlled Sources
 - SFI: Certified Fiber Sourcing
- These programs differ in requirements and scope but the general principle is that companies implement a system and/or risk assessment to ensure that uncertified material sourced meets minimum requirements. These requirements are less stringent than FM certification standards.
- These systems are generally applicable to primary and secondary manufacturers. This is often included as part of a COC certification.

Controlled Material

Benefits

- Additional controls for non-FM certified fiber
- Third party audited
- Allows companies to source additional material for use in certified products, especially where certified material is scarce – assuming requirements are met
- Requires system and/or risk assessment
- May include limited field checks
- May involve education or awareness raising of responsible practices
- May include public reporting

Limitations

- Wide range in quality of company systems and/or risk assessments
- Complex technical requirements
- May only involve a desk-based assessment of risk
- Field verification is limited or may not be required
- Often concludes ‘low-risk’
- Area covered by risk assessments may be very large

Chain of Custody Certification

Definition

This type of certification is issued to companies that process or trade certified materials (e.g., primary and secondary manufacturers, distributors, etc). The company must have processes in place to track the source of its raw materials and to segregate certified and uncertified material (if applicable).

Facilities or companies receive annual 3rd party audit to review company procedures, sales documents related to certified products, logo/trademark use, etc.

A Certified Product:

- is made with certified inputs (i.e., material inputs come from Forest Management (FM) certified forests but could also contain approved recycled materials or approved controlled inputs)
- can be traced through a Chain of Custody (COC) certified supply chain
- is eligible for a certification scheme logo (i.e., meets the requirements including amount of certified material in the product)

Chain of Custody Certification

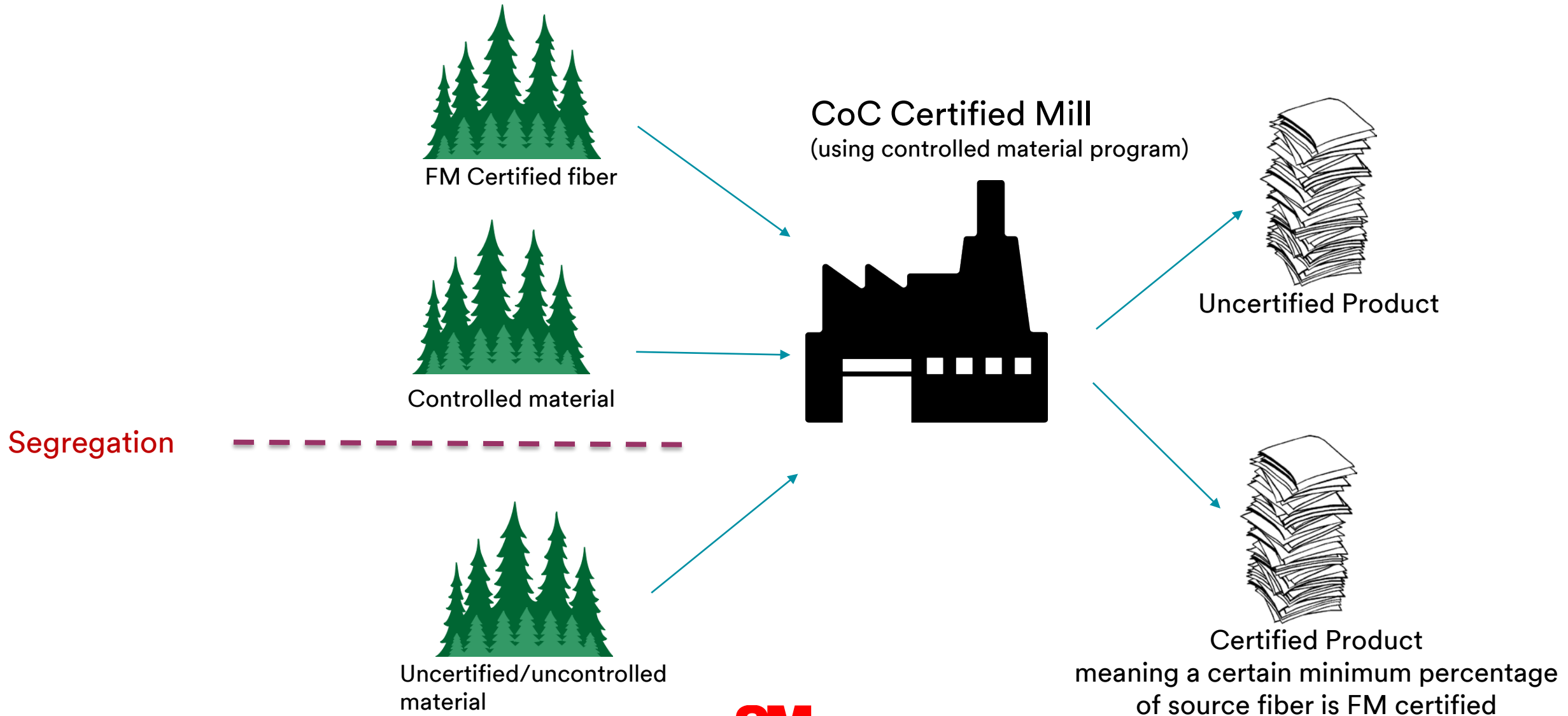
Benefits

- System in place for ensuring that certified products are kept separate from potentially risky, uncontrolled material
- Third-party, annual on-site audit
- Minimal health and safety auditing
- Potential price premium or market access

Limitations

- Does not guarantee that company knows the forest source of the products they are buying or selling, especially downstream in the supply chain
- Not all products sold by a certified company are certified
- Certification requirements apply only to certified material
- Generally less expensive than forest management certification, but still costly (can lead to exclusion of small businesses)
- Complex technical requirements
- CoC certification does not cover forest management practices

Certified Mills can utilize all different types of material



3M Pulp & Paper Sourcing Policy Approach REMINDER

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Recap

The 3M Pulp and Paper Sourcing Policy formalizes our and our supply chain's responsibilities to comply with global regulations, and further the causes of sustainable forestry and transparent, responsible supply chains.

Certification in and of itself is not the objective of our Policy, but it is one useful tool to help verify what is happening on the ground.

What suppliers should do:

- Complete all information requests from 3M
- Share with 3M information on certifications in your operations and in your supply chain and how you use them to help manage responsible production or sourcing
- Establish policies and due diligence systems for your company to help manage risks and promote responsible supply chains

Resources

3M Pulp and Paper Sourcing –

http://www.3m.com/3M/en_US/suppliers-direct/supplier-requirements/supplier-responsibility-expectations/

Forest Stewardship Council (FSC) - <https://us.fsc.org/en-us>

Programme for the Endorsement of Forest Certification (PEFC) - <http://www.pefc.org/>

Sustainable Forestry Initiative (SFI) - <http://www.sfiprogram.org/>

Thank you

Together, we can sustain our forests for future generations

Contact us at supplierregulatory@mmm.com with questions