Sustainability is embedded firmly at the core of 3M and in the strategic planning process we use for every region, every market, and every business.

In each of our business groups and regions we have dedicated Sustainability leaders who develop a relevant and well-informed strategy specific to their market demands and business goals.

Annually, like many companies, we go through a strategic planning process during which our divisions and regions develop their business strategies for the next few years. However, unlike others, we formally require that each plan address Sustainability factors relevant to their market needs and business opportunities.

R&D at 3M is a little different: we separate the R and the D.

First, the R. Scientists in our central laboratory are free to focus on pure research, in search of unscripted, unexpected opportunities for breakthroughs. Our unique “15% Culture” gives them the freedom to follow their instincts. At the same time, our Tech Forum is a key enabler of collaboration. This self-directed, self-organized group unites 10,000-plus scientists and engineers who work together to solve problems across oceans and continents, regardless of which business they’re from.

For the D, 3M development teams within each of our business groups draw upon our core technologies to create products for targeted markets and geographies.

Moving forward, we will expand beyond our own operations and focus more on 3M Sustainability goals and the needs of our customers and communities. While we recognize the importance of what we do in our own businesses, and will continue to innovate there, we see that far greater impact can be realized when we partner to understand and overcome the challenges we face together.
Corporate Governance

Our Commitment

3M believes that good corporate governance practices serve the long-term interests of stockholders, strengthen the Board and management, and further enhance the public trust 3M has earned from more than a century of operating with honesty and integrity.

3M's Board of Directors has adopted Corporate Governance Guidelines which provide a framework for the effective governance of the Company. The guidelines address matters such as the respective roles and responsibilities of the Board and management, the Board’s leadership structure, the responsibilities of the independent Lead Director, director independence, the Board Membership Criteria, Board committees, and Board and management evaluation. The Board’s Nominating and Governance Committee is responsible for overseeing and reviewing the Guidelines at least annually and recommending any proposed changes to the Board for approval. The Corporate Governance Guidelines, the Certificate of Incorporation and Bylaws, the charters of the Board committees, the Director Independence Guidelines, and the Code of Conduct provide the framework for the governance of the Company and are available on our Web site at www.3M.com, under Investor Relations — Governance.

The Board’s leadership structure is characterized by:

- a combined Chairman of the Board and CEO;
- a strong, independent, and highly experienced Lead Director with well-defined responsibilities that support the Board’s oversight responsibilities;
- a robust committee structure consisting entirely of independent directors with oversight of various types of risks; and
- an engaged and independent Board.
The Board of Directors believes this leadership structure provides independent board leadership and engagement while deriving the benefits of having our CEO also serve as Chairman of the Board. As the individual with primary responsibility for managing the Company’s day-to-day operations and with in-depth knowledge and understanding of the Company, our CEO is best positioned to chair regular Board meetings as the directors discuss key business and strategic issues. Coupled with an independent Lead Director, this combined structure provides independent oversight while avoiding unnecessary confusion regarding the Board’s oversight responsibilities and the day-to-day management of business operations.

Our Actions

Stockholder Engagement

In November 2015, the Board adopted a new “Proxy Access for Director Nominations” bylaw that permits eligible stockholders to include in our proxy statement nominees for election to the 3M Board. Our decision to adopt proxy access grew out of an open and constructive dialogue with our stockholders, and we believe our proxy access framework strikes the right balance for 3M by ensuring that stockholder nominees to the Board are supported by long-term stockholders representing a significant, but attainable, proportion of outstanding shares.

Corporate Governance

Corporate Governance Highlights

Board Size and Independence
- 11 out of 12 Directors are independent

Independent Lead Director
- Independent Lead Director with robust authority
- Combined Chairman and CEO positions

Meeting Attendance
- 99% Overall attendance at Board and committee meetings
- There were six Board meetings in 2016

Director Tenure
- 7 years

Director Age
- 66 years

Other Public Company Boards
- 1.5 Average Board positions

The Corporate Governance Highlights above reflect the Board’s current 12 directors. One of the directors, Robert J. Ulrich, is no longer eligible to stand for re-election as he has reached the mandatory retirement age.

Corporate Governance Guidelines
The Board of Directors values diversity as a factor in selecting nominees to serve on the Board because its experience is that diversity provides significant benefit to the Board and the Company. Although there is no specific policy on diversity, the Nominating and Governance Committee considers the Board Membership Criteria in selecting nominees for directors, including diversity of background and experience. Such considerations may include gender, race, national origin, functional background, executive or professional experience, and international experience.

An inclusive culture at 3M is built on our Human Resource Principles—to respect the dignity and worth of individuals; encourage the initiative of each employee; challenge individual capabilities; and provide equal opportunity. 3M is continuously focusing on building and maintaining an inclusive culture. Additional information on our inclusive culture can be found in the Diversity and Inclusion section.

Commitment to the Environment and Sustainability

In 2013, our CEO formed the Sustainability Center of Excellence to focus on developing and commercializing products which help our customers solve their Sustainability challenges and on assuring Sustainability within 3M operations and supply chain. The primary role of the Center is to develop strategy, set significant goals to track progress, and drive sustainable actions for the benefit of our customers and our communities. In 2016, 3M formalized Sustainability authority with our Chief Sustainability Officer, CISO, with oversight by the Nominating and Governance Committee.

Sustainability will continue to be a vital focus as we work to truly advance every company, enhance every home, and improve every life.

Other Noteworthy 2016 3M Accomplishments:

- We returned $6.4 billion to stockholders via dividends and gross share repurchases.
- We improved our employment brand by earning recognition as the "Top Dream Company" in the 2016 Millennial Career Survey conducted by the National Society of High School Scholars.
- We made significant progress on our three key levers: Portfolio Management, Investing in Innovation, and Business Transformation.

Governance Links

For more information on corporate governance at 3M, see:

- Corporate Officers
- Board of Directors
- Committee Composition
- Governance Documents
- Annual Reports and Proxy Statements

Looking forward...

We regularly post governance news, events, and presentation information in the Investor Relations section of our website. See 3M Events and Presentations.

Related to the proxy access Bylaw adopted by the Board in November 2015, a stockholder, or a group of up to 20 stockholders, continuously owning for three years at least three percent of our outstanding common shares, may nominate and include in our proxy materials up to the greater of two directors and 20 percent of the number of directors currently serving, if the stockholder(s) and nominee(s) satisfy the Bylaw requirements. The notice must contain the information required by the Bylaws.

During 2016, members of senior management met with a cross-section of stockholders owning approximately 35 percent of our outstanding shares. The meetings included an overview of the Company and a discussion of the Company’s practices on corporate governance. 3M’s Chief Sustainability Officer also attended these meetings and summarized 3M’s more than 40 years of environmental stewardship and our journey driving both business growth and societal impact through purpose.

Our Committees are designed to assure the execution of 3M’s vision for the future. The Board currently has 12 directors and the following four committees: Audit, Compensation, Finance and Nominating and Governance. During 2016, the Board of Directors held five regularly scheduled meetings and one telephonic meeting. Overall attendance at Board and committee meetings was 99 percent.

We regularly add directors to infuse new ideas and fresh perspectives into the boardroom. In the past four years, six new independent directors have joined our Board. In recruiting directors, we focus on how the experience and skill set of each individual complements those of their fellow directors to create a balanced board with diverse viewpoints and backgrounds, deep expertise, and strong leadership experience.

As affirmed or amended February 7, 2017:

- 3M Company Board of Directors Audit Committee Charter
- 3M Company Board of Directors Compensation Committee Charter
- 3M Company Board of Directors Finance Committee Charter
- 3M Company Board of Directors Nominating and Governance Committee Charter

Diversity

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Our Commitment

At 3M, we continually evaluate our approach to potential risks facing the company. The concept of risk appetite and tolerance is an essential component of our strategic planning, and it’s the responsibility of our senior business leaders to plan accordingly.

It is our firm belief that good corporate governance practices serve the long-term interests of stockholders, strengthen the Board and management, and further enhance the public trust 3M has earned from more than a century of operating with uncompromising integrity and doing business the right way. Governance includes broad risk oversight by the Board and its committees. Risk analysis is reported to the full Board, the General Auditor, and Chief Compliance Officer. Both the General Auditor and Chief Compliance Officer are appointed by, and report to, the Audit Committee of the Board.

Risk Oversight

The Board has delegated primary responsibility for the oversight of risks facing the company to the Audit Committee. The 3M Company Board of Directors Audit Committee Charter states that the committee will “discuss policies and procedures with respect to risk assessment and risk management, the company’s major risk exposures and the steps management has taken to monitor and mitigate such exposures.”

The Vice President and General Auditor, Corporate Auditing, whose appointment and performance is reviewed and evaluated by the Audit Committee, is responsible for leading the formal risk assessment and management process within the company. The Auditor, consulting with the company’s senior management, annually assesses the major risks facing the company and works with those executives responsible for managing each specific risk. The Auditor periodically reviews with the Audit Committee the major risks facing
the company and the steps management has taken to monitor and mitigate those risks.

While the Board’s oversight of risk is primarily performed by the Audit Committee, the Board has also delegated to other committees the oversight of risks within their areas of responsibility and expertise.

We believe this governance of risks by Board committees, who share information with the full Board, is appropriate for a diversified technology and manufacturing company like 3M. 3M’s 10-K, Item 1A, outlines risk factors applicable to the Company.

Our Actions

Corporate-Level

3M’s Enterprise Risk Management (ERM) initiative, launched in 2001, has helped assure adequate recognition and ownership of the most significant potential risks to the company’s shareholder value, using a process that proactively identifies and communicates enterprise risks within the company. This includes: confirming that appropriate plans and oversight exist for all major risks; providing for ongoing review and assessment of risk; and aiding in generating awareness and engagement of general risk matters throughout the company. The approach provides a customized capability that leverages 3M’s comprehensive, experience-based global knowledge and capabilities rather than tools often used in financial or insurance-oriented businesses.

To assure long-term success, we are committed to discovering and preparing for all potential threats to our Vision. Risk owners familiar with the environmental, economic, and business aspects within the company are interviewed and requested to complete a thorough assessment for their respective risk(s). Together, with subject-matter experts and senior management, the outcomes are mapped to demonstrate the relative level of risk and likelihood of risk. This ‘heat map’ identifies the highest risk areas to focus internal efforts on. In addition, external resources and data are continuously reviewed to assist in the risk identification process. The results of our various risk assessment exercises are shared with the Corporate Operations Committee and the company’s full Board of Directors.

3M places particular emphasis on protecting our company against emerging risks in an ever-changing world. Case in point: cybersecurity. Strong cybersecurity programs are essential, and we continue to invest in information technology systems and activities around cybersecurity training and awareness, especially when it comes to avoiding phishing and other threats targeting 3M.

1:1 Board Member-General Auditor Meetings

In 2016, the Vice President, General Auditor met with each independent 3M Board member, to discuss risk management in general as well as specific risk-related topics facing the company. These meetings gave Board members an opportunity to share what risk issues were top-of-mind for them, and which should be reviewed and addressed by the Board. For most Board members, the most critical risk in 2016 and into the future was cybersecurity.

Business-Level

3M serves customers through five business groups. Annually, leadership from each business group presents to the Board, and the Board discusses and approves, detailed long-term strategic plans for the company, both at the Area and Business Group level. Each presentation includes an overview of the business group, short and long term financial performance and goals, an assessment of portfolio growth opportunities; strategic priorities to drive the three key value creation levers—Portfolio Management, Investing in Innovation, and Business Transformation; plans to drive the four corporate fundamental strengths—Technology, Manufacturing, Global Capabilities, and Brand.

Facility-Level

Our Environmental, Health, Safety and Sustainability (EHS&S) organization looks carefully at each 3M site and new acquisition, and performs a crisis risk analysis that considers factors such as potential impact to the environment, the community, and 3M employees. Each site is ultimately ranked based on the risk they pose to the company, and necessary steps are taken to minimize potential risks. Acquisitions are of particular focus as

Enterprise Resource Planning (ERP) Strategy and Timeline

Looking forward...

Over the next several years, 3M will continue deploying a single enterprise resource planning (ERP) system on a worldwide basis, to provide a consistent, comprehensive and discrete information platform for our businesses everywhere. It’s another example of our commitment to continual growth and adaptation to emerging risks in an ever-changing world.

The Crisis Management Planning Guidelines are designed to provide a common framework for integrating crisis management into the standard operations of each 3M facility. All plans must be prepared in accordance with good engineering practices and with the full approval of management. Also, to evaluate the effectiveness of the plans, scenario exercises are conducted periodically at facilities.
Corporate Code of Conduct

Our Commitment

Through the years, 3M has built a reputation globally for taking an ethical approach to business. That said, with 91,600 employees and subsidiary operations in 70-plus countries, it’s no simple task to always do business the right way.

To make it as simple as possible, we have developed one Code of Conduct that applies globally. Our Code of Conduct Global Handbook summarizes 3M’s compliance principles and raises awareness of our core requirements for doing business “the right way, always and everywhere.”

3M has long had business conduct principles based on the company’s core values. Those values have not changed over time. 3M conducts our business with uncompromising integrity. The Code is our guide for answering questions and providing direction when the right choice may not be clear.

Living by our Code of Conduct enhances our reputation and promotes trust with our customers, in our company and in the quality of our products.

3M’s Code of Conduct defines how we live and work:

Be Good
Be Honest
Be Fair
Be Loyal
Be Accurate
Be Respectful

3M employees, including supervisors, managers and other leaders, are responsible for knowing and following the ethical, legal, and policy requirements that apply to their jobs and for reporting any suspected violations of law or the Code. Executives and managers are accountable for creating and promoting a workplace environment in which compliance and ethical business conduct are expected and encouraged.
Business Conduct Committee

The 3M Business Conduct Committee is composed of several senior executives and is chaired by 3M’s Chief Compliance Officer (CCO). The Committee has oversight for 3M’s various compliance efforts and, as appropriate, updates the Audit Committee of the 3M Board of Directors and Corporate Operating Committee.

Global Compliance Program

3M’s global compliance program is managed and administered by the Compliance and Business Conduct Department, led by the Vice President, Associate General Counsel, Compliance and Business Conduct, who is also 3M’s CCO. The department is staffed with compliance professionals stationed at company headquarters and around the world. The CCO reports to the Audit Committee of the 3M Board of Directors, which assists the Board in oversight of 3M’s legal and regulatory compliance efforts. The Compliance and Business Conduct Department oversees and administers strategic, systematic and operational components of 3M’s compliance program.

The compliance program is designed to meet the U.S. Federal Sentencing Guidelines and similar global standards which identify the following attributes of an effective compliance program:

• A core set of business conduct principles
• Education, training materials and the schedule upon which compliance training is conducted
• Periodic evaluations, audits and measurements of the compliance program’s effectiveness
• A 24-hour helpline and website through which employees and others can report concerns and ask questions
• Programs to conduct appropriate due diligence on business partners, potential and new acquisitions, and candidates for hiring and promoting

Compliance Training and Education

3M offers a comprehensive online compliance training program to all employees worldwide. The program’s training modules are assigned to employees based on their role and area of responsibility within the company. Most courses are mandatory for approximately 46,000 global employees, who are required to take modules on a two- or four-year cycle, depending on the course. Offered in 22 languages, the training modules include:

• Global Data Protection and Privacy — Respecting a Person’s Privacy
• Careful Communications
• Gifts, Entertainment and Travel
• Avoiding Bribery and Corruption: A Global Overview
• Global Competition
• Creating a Harassment Free Workplace
• Code of Conduct and Ethical Decision Making
• Conflicts of Interest

The 3M Compliance and Business Conduct website on 3M’s intranet offers additional training on 3M’s global anti-bribery compliance program. In addition to online training, the Compliance and Business Conduct Department, in close collaboration with 3M Legal Affairs, provides frequent, tailored in-person training to businesses, subsidiaries, staff groups and third parties. Some of this training occurs as part of an annual schedule and other training occurs as requested or deemed appropriate.

Reporting Concerns

Upholding 3M’s Code of Conduct and values is the responsibility of everyone acting on 3M’s behalf. We encourage our employees to ask questions or report their concerns to management, 3M Legal Counsel, the Compliance and Business Conduct Department, or to their Human Resources Manager. 3M makes clear that speaking up is the right thing to do. We know our employees care about the Company and want to do the right thing.

In addition, a 24-hour confidential and anonymous (as permitted by local law) helpline and online reporting system managed by a third-party vendor is available internally and externally. Reports are reviewed and responded to by the Compliance and Business Conduct Department or other responsible staff departments.

The system does not trace phone calls or use caller identification, nor does it generate or maintain internal connection logs containing Internet Protocol (IP) addresses. Web-based reports are made through a secure internet portal, which does not trace or show user screen names. 3M’s Employee Obligations and Reporting Principle prohibits retaliation against anyone who raises a business conduct concern in good faith or cooperates in a company investigation. Below is a graph illustrating five-year metrics for business conduct related reports raised using our reporting tools found at www.3M-Ethics.com.

The Compliance and Business Conduct Department has the responsibility to review every business conduct concern that is reported. The Department determines which reports require investigation and if investigation is needed, assigns the appropriate investigation resource. For concerns that are substantiated, disciplinary action is taken. Discipline comes in a range of forms, from warnings, to suspensions, to termination, consistent with similar past violations. Disciplinary actions may impact one or more persons associated with a single substantiated violation.

In 2016, the number of questions or concerns reported to the Compliance and Business Conduct Department increased by 24 percent. We believe this increase reflects employees’ greater awareness of their reporting obligation and the available reporting channels. This increased awareness is a reflection of our actions in 2016 which include an updated and rebranded Code
3M respects our employees’ right to engage in the political process and, at the same time, 3M is committed to prevent potential corruption. Any corporate political contributions outside the United States require approval by the Area Vice President and assigned legal counsel.

For additional information on our Code of Conduct please visit:
http://solutions.3m.com/wps/portal/3M/en_US/businessconduct/bcmain/

Our Actions

Code of Conduct Updates
The written definition of 3M integrity—our Code of Conduct—was updated in 2016. We made some changes to parts of the Code to simplify and improve the clarity of certain principles. We rebranded our handbook, our website, our online training platform and other materials, to reflect the corporation’s new brand identity, and what it means to “Be 3M.” In addition, we added a new Product Safety Principle, to bring greater focus to an area of operations that has really been part of 3M’s culture from the beginning.

New Product Safety, Quality, and Stewardship Principle
A Product Safety, Quality, and Stewardship Principle was added to our overall Code of Conduct in 2016. Emphasizing product safety, quality and stewardship is not new at 3M. Through our Product Stewardship Policy, we already had high expectations for our products. Elevating this policy to a principle was just our way of validating what 3M has been doing for a long time, and confirming that it belongs at the very top of our governance pyramid.

The entire principle is described in a video and in the new Code of Conduct handbook. The three core elements of this principle:

1. Product Safety: As part of our mission to improve every life, 3M will provide our customers with quality products that are safe for their intended uses.
2. Product Quality: Providing products that consistently meet customer, community and our own high expectations is fundamental to our success.
3. Stewardship: 3M works to produce products with superior environmental performance across their entire lifecycle.

This principle applies to all 55,000-plus products 3M makes and sells. It touches on everyone’s role at 3M, from product development to manufacturing to marketing and support. Under this principle we work with suppliers and business partners so that their operations support these same objectives.

To see how this principle is applied, go to the Innovation Management section of this report.

“Speak-up” Posters
As part of a communications campaign to promote the new Code of Conduct handbook and doing the right thing, a series of “Speak-up” posters was created, explaining how to raise a concern or suspected violation of the Code. The posters are available in 22 languages.

Third Party Brochure
To enhance our communications with third parties, 3M created a brochure for our business partners. The brochure provides another way for 3M to communicate with our business partners regarding our commitment to combat global bribery. The brochure is available in 27 languages.
“Speak-up” Posters

New Non-Retaliation Verification Process

For investigations brought to light through the reporting process, several months after the investigation closes, the investigator checks to see whether the reporter has experienced any retaliation. This is done either by phone or via email for non-anonymous reporters. For anonymous reporters who used the 3M-Ethics hotline, the check-ins will be handled via our 3M-Ethics hotline. If claims of retaliation are identified, the investigation team will follow up on them.

Looking forward...

The business actions 3Mers take today will advance the company’s ability to thrive in the future. We pride ourselves on being a company driven not just by innovation, but also by integrity.

Our strong ethical culture to do business the right way gives us the confidence to grow our business anywhere in the world. Our employees know they don’t have to compromise their ethics to do business. Our customers know we are a company they can trust.

The importance of a strong ethical reputation is recognized at every level in our company. We continually work to enhance our compliance program and ethical culture by engaging 3Mers everywhere in our compliance program, from engaged leadership communications, global leadership training, utilizing system controls, reducing process, improving transparency and enhancing our efforts around monitoring and assessing risk.
How We Work | Human Rights

Human Rights

Our Commitment

At 3M, there is only one way to do business. The right way.

3M is committed to assuring human rights in our own operations and in any business that works on our behalf. Our Human Resources Social Responsibility Policy applies to all 3M employees, contingent workers, anyone doing business with or on behalf of 3M and candidates for hire at 3M. Our Global Human Rights Policy was adopted in 2013, and we became a participant of the U.N. Global Compact (UNGC) in early 2014, thereby committing to align our operations and strategies with the UNGC principles on human rights.

The principles that guide us

Within our own business, 3M’s approach for managing and assuring human rights aligns with 3M’s Code of Conduct, which recognizes the right of employees to have a respectful workplace. We continue to implement our human rights program through our global policy statements, a management system utilizing self-assessments, audits, training, and ultimately, metrics tracking. Our audit process is truly global, and we are increasing the number of assessments we are performing, which gives us a global perspective on our own internal locations, particularly our manufacturing locations.

We support the UN Guiding Principles (UNGP) on Business and Human Rights, and its “protect, respect and remedy” framework. Our human rights management system helps us manage salient human rights issues. We also support the principles of due diligence outlined in the UNGP. Furthermore, our Code of Conduct requires compliance with all applicable laws.
and respect for internationally recognized human rights in all of our global operations.

We also recognize the ILO Declaration on Fundamental Principles and Rights at Work. Adopted in 1998, the Declaration commits Member States to respect and promote principles and rights in four categories, whether or not they have ratified the relevant Conventions: freedom of association and the effective recognition of the right to collective bargaining; the elimination of forced or compulsory labor; the abolition of child labor; and the elimination of discrimination in respect of employment and occupation.

Human Rights Elements

Our commitment to upholding human and workplace rights is embodied in the 3M Human Resource Principles, which respect the dignity and worth of all individuals, encourage the initiative of each employee, challenge individual capabilities, and provide equal opportunity for development.

Respectful Workplace

3M is committed to attracting and retaining a diverse workforce by creating the kind of inclusive work environment 3M employees want and can be proud of. Our Equal Employment Opportunity (EEO) policies prohibit all forms of discrimination or harassment against applicants, employees, vendors, contractors or customers on the basis of race, color, creed, religion, sex, national origin, age, disability, veteran’s status, pregnancy, genetic information, sexual orientation, marital status, citizenship status, status with regards to public assistance, gender identity/expression or any other reason prohibited by law. Our affirmative action policies and programs are designed to assure equal opportunities for qualified minorities, women, covered veterans and individuals with disabilities, and also to provide reasonable accommodation to individuals with disabilities.

3M’s Respectful Workplace Principles states that “everyone is entitled to respectful treatment in the 3M workplace. Being respectful means being treated honestly and professionally, with each person’s unique talents, background and perspectives valued. A respectful workplace is free from unlawful discrimination and harassment, but it involves more than compliance with the law. It is a work environment that is free of inappropriate or unprofessional behavior and consistent with 3M’s ethics and values—a place where all employees can do their best, and are free to report workplace concerns without fear of retaliation or reprisal.”

Freedom of Association and Collective Bargaining

3M works diligently to create a work culture that affords all employees the opportunity to work without fear of intimidation, reprisal or harassment, in an environment where employees are able to get their questions addressed in a fair and timely manner. In all locations, the company’s relationship with employees, whether union or nonunion, is a key responsibility of all leaders, assisted by human resources representatives. Human resources professionals work with all employees to maintain positive employee relations.

Our Human Rights Policy has a specific subdivision on the freedom of association, which assures that we respect “the ability of employees to choose whether or not to join unions and engage in collective bargaining, as permitted by applicable laws in the countries where 3M does business.” In the event of business operations changes, we follow all applicable local laws and regulations regarding notice periods for both union and non-union employees.

Approximately 29 percent of 3M’s global workforce is unionized. We are aware that in some countries, collective bargaining rights are not protected or recognized. Nevertheless, 3M assures that freedom of association and collective bargaining aspects of our Human Rights Policy apply to all 3M employees worldwide.

Child Labor/Minimum Hiring Age

The permissible hiring age for employees may vary based on the laws of different countries. However, 3M has adopted global expectations regarding the hiring of minors. Even if local law permits it, 3M will not hire any employee or contingent worker (individual provided by a third-party staffing agency to perform temporary work) below the age of 16 for any job. If the applicable laws impose a higher minimum age requirement than 16, 3M follows the stricter standard in compliance with the law.

Working Hours and Living Wages

3M complies with minimum wage legislation globally, and we make every effort to exceed legal minimum wage. Our competitive compensation reflects our practice of establishing competitive salary ranges based on actual pay data from benchmark peer companies in manufacturing. 3M also complies with all applicable laws relating to overtime and breaks.

Forced and Compulsory Labor

3M complies with all applicable laws and employment regulations and does not engage or participate in forced labor. We have those same expectations for all vendors doing business with us.

Human Trafficking

Our approach to human trafficking, sometimes referred to as ‘modern slavery,’ is very simple: we do not tolerate it. Our Human Rights Policy contains our prohibition on human trafficking. We are committed to using effective systems and controls to prevent human trafficking from taking place anywhere within our business or supply chains.

The prohibitions apply to 3M and its subsidiaries as well as to our federal contracts and subcontracts for either commercial or non-commercial items.

Expectations regarding labor and human resource practices also apply to our suppliers (see the Supplier section of this report for more details). They apply to the selection and retention of all suppliers worldwide. 3M suppliers must comply with all local country labor and human resource laws and cannot use labor that is obtained through mental or physical coercion, physical punishment, slavery or other oppressive labor conditions and cannot engage in any form of human trafficking.

Filing, Addressing, and Resolving Workplace Concerns

When concerns related to human rights, labor practices, environmental or safety issues arise, our employees are encouraged to raise questions or report misconduct or potential misconduct to management, 3M Legal Counsel, the Compliance and Business Conduct Department, their Human Resources Manager, or to 3M-Ethics.com. See 3M’s Business Conduct website for more information regarding how to report a concern. Additional information on reporting concerns can be found in the Code of Conduct section.

3M does not tolerate retaliation against anyone who raises a concern, asks a question, or cooperates with a company investigation. Employees who intentionally make false accusations or provide false information will be disciplined, because such actions violate 3M’s business conduct principles and are inconsistent with 3M values. If employees believe they are being retaliated against for raising a good-faith business conduct concern, they may report this to any of the resources listed in the Employee Obligations and Reporting Principles.

In addition, we conduct audits of site workplace and human resource practices, as well as assessments and audits of suppliers to assure compliance with 3M’s expectations related to labor practices (see the Supplier section of this report for more details).

Assuring Human Rights through Training

We perform global training to assure that all 3M employees comply with the law, 3M’s Code of Conduct and Supporting Policies, Standards and Procedures. 3M Compliance and Business Department has created a Compliance Training and Certification Program that assures all 3M employees are aware of and understand their responsibilities and obligations. 3M’s Compliance and Business Conduct Department is responsible for the management and administration of the Compliance Training and Certification Program.

Our Global New Employee Compliance Course Program is based on employee records in the 3M Human
How We Work | Human Rights

Resource (HR) system. Employees are assigned courses based on their job function, country location, production/non-production, and supervisor/non-supervisor status. Email notifications are sent to the employee’s 3M internet email address informing them of their course requirements and timeline for completion. New employee courses are due within 60 days of assignment.

Our Actions

Enhanced Training on Human Trafficking

3M, in 2016, added specific content to our Code of Conduct course providing general awareness of human trafficking risk. This course is part of the new employee onboarding process and is deployed every other year to most of 3M’s current non-production employees.

In addition, a specific course covering this risk was deployed to employees in roles and function where awareness of this risk is most relevant, including global supply chain and sourcing.

Human Resource Security Standard

With the alarming rise in corporate security breaches worldwide, this standard presents the general IT Security controls required to achieve Human Resource Security based on industry standards and best practices.

Roles and responsibilities of information security employees, contingent workers and suppliers must be defined and documented in accordance with the 3M Information Security Management System (ISMS). Background verification checks on all candidates for employment, contingent workers, and suppliers must be carried out in accordance with relevant laws, regulations and ethics, and be proportional to the business requirements, the classification of the information to be accessed, and the perceived risks.

As part of their contractual obligation, employees, contingent workers and suppliers must agree to and sign the terms and conditions of their employment contract, which states not only their own, but their organization’s responsibilities for information security.

Management must require employees, contingent workers and suppliers to apply security in accordance with established policies and procedures. All 3M employees and, where relevant, contingent workers and suppliers, must receive appropriate awareness training and regular updates in organizational policies and procedures, as relevant for their job function.

Human Rights Charters

3M continues to support several human rights charters. Among them:

- United Nations Global Compact
- Universal Declaration of Human Rights
- European Convention on Human Rights
- United Nations Guiding Principles on Business and Human Rights
- International Labor Organization’s Declaration on Fundamental Principles and Rights at Work
- OECD — Organization for Economic Co-operation and Development Guidelines for Multinational Enterprises, including OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas
- Agenda 21 — UN Convention against Corruption

Human Rights Due Diligence

The 3M Code of Conduct describes the company’s business conduct principles, or core values, which set forth global corporate expectations for all 3M employees and certain third parties who act on 3M’s behalf. Those values have not changed over time. The principles in this Code remain consistent with 3M’s longstanding business conduct principles, its values and our shared ethical standards for conducting business with uncompromising honesty and integrity.

In our view, human rights due diligence requires a holistic approach. So we assess our own business, others acting on our behalf, suppliers, government relationships, acquisitions, mergers, and divestitures — to identify the salient human rights issues applicable to our business. We have a grievance mechanism in place, 3M-Ethics, which can be used to raise a concern regarding any adverse human rights impacts. We also comply with all applicable laws, and honor the principles of internationally recognized human rights when faced with conflicting requirements.

Human Rights Assessments

Our assessment on human rights aligns with our corporate Human Rights Policy, as outlined under Our Commitment, and includes: safe and healthy workplace, respectful workplace, workplace security, work hours and wages, freedom of association, child labor, forced labor or recruitment fees to obtain employment. Evaluations are integrated into other assessment and management processes, based on material issues regardless of where they’re identified within the value chain.

3M continues to implement our human rights program through our global policy statements, a management system utilizing self-assessments, audits and training. Based upon this assessment process, we have determined that in various spheres of influence (our own business and others acting on 3M’s behalf) the sphere with greatest potential for human rights impact is within our supply chain.

Within our own business

Within our own business, our approach for managing and assuring human rights aligns with the 3M Code of Conduct, recognizing the right of employees to have a respectful workplace.

3M’s Field Employee Relations Assessment tool, is a means for 3M locations globally to analyze their policies and practices on a site self-assessment of the workplace. This tool enables local managers to identify strengths, opportunities for improvement, and action plans to address those opportunities, including a review of practices related to 3M’s Human Rights Policy. Various data is tracked through the process to identify potential gaps and opportunities for improvement. To date, approximately 70 percent of sites have been assessed including operations in the United States, Canada, Latin America, Asia and Europe. Sites can then request the assistance of 3M Corporate Staff, including Employee Relations and the Office of General Counsel, for help addressing any issues that may be identified.

For additional details on our employee processes, see the Employee Programs section.

Others acting on 3M’s behalf

Upholding 3M’s Code of Conduct and values is the responsibility of everyone acting on 3M’s behalf. Multiple processes are in place to assure 3M’s principles are being upheld by others acting on 3M’s behalf. Case in point: our approach to health and safety.

Under our Workplace Environmental, Health, and Safety Principle, 3M’s Code of Conduct requires 3M employees to select and retain suppliers, contractors, or outsourced manufacturers and service providers who comply with all applicable laws and regulations and meet 3M’s environmental, health and safety values. In addition, at 3M locations, all visitors, vendors, and contract workers are held to the same safety and health requirements as 3M employees.

See the Health and Safety section for additional information on this assessment process.

Our Suppliers

At 3M, we recognize the choices we make for our material and service providers must also reflect our values. We want our suppliers to share our commitment to maintaining compliant, responsible and sustainable operations and practices. In addition to full compliance with all applicable labor and human resource laws, we expect our suppliers to be committed to upholding the human rights of workers, and to treating them with dignity and respect as understood by the international community. This applies to all workers including temporary, migrant, student, contract, and direct employees. These expectations are laid out in the 3M Supplier Responsibility Code.

We have a 2025 goal to drive supply chain sustainability through targeted raw material traceability and supplier performance assurance. For details on our prioritized supplier assessment process, see the Supplier section.
Partnering with Local Communities and Customers

Under our Be Respectful, 3M’s core values include treating each other and our stakeholders with respect and respecting our social and physical environment.

With our Every Life Ambition, we work to imagine a world where every life is improved. The power is in partnership. As a global corporation, we believe that we have a significant responsibility to society in general, and especially to the communities in which we live and work.

We have created a robust, stakeholder-driven approach to Sustainability materiality that includes human rights. Our materiality assessments and stakeholder engagements are vital components of our company’s strategy and reporting. Details of our materiality assessment can be found in our Materiality section. Our 2025 Sustainability Goals were developed from the materiality assessment. For additional information on our stakeholder engagements, see the Stakeholder section.

Looking forward...

In 2017, 3M issues its first statement under the United Kingdom Modern Slavery Act, which expects companies to disclose their efforts to eradicate modern slavery and human trafficking in their own operations and their supply chains. 3M is committed to furthering the principles of this law, and our first statement details how. We will continue to strengthen our due diligence management system to identify and address any salient human rights issues within our sphere of influence, and stay aligned with internationally-accepted frameworks like the UN Guiding Principles.

Government Relations

Under our Be Fair Principle, 3M is committed to being a responsible company with uncompromising integrity in all its dealings with local, state/provincial and national governments, and their prime contractors and subcontractors around the world. In all of our activities with governments, we carefully follow all applicable laws, rules, and regulations.

Before entering into any government contract, or any agreement related to a government customer, 3M employees must consult 3M’s Government Contract Compliance Department or their business unit’s assigned legal counsel.

Human Trafficking and forced labor-related provisions are also included in 3M’s government contract flow-down requirements for suppliers. In the United States, the government has adopted a regulation (FAR 52.222-50) prohibiting human trafficking, including slavery, servitude, forced and compulsory labor and coercion to induce a commercial sex act or to procure the same—all of which result in the deprivation of a person’s liberty by another in order to exploit them for personal or commercial gain. 3M has implemented processes to assure compliance with the U.S. FAR, including a Human Trafficking Prevention Standard.

For more information, see Doing Business with Government Agencies and Contractors Principle.

Acquisitions, Mergers and Divestitures

3M regularly pursues the sale and purchase of business interests. For each business that may be acquired or divested, human rights issues are prioritized and addressed relative to risk and compliance during the acquisition integration or divestiture process.

#improvinglives means applying our science to protecting people and enhancing communication.

We create products that inspire creative communication and visual impact and ensure safety across diverse industries and applications—from workers to roads, to facilities and security—we provide sustainable solutions in an ever-changing world.

Safety & Graphics
Our Commitment

3M is committed to providing competitive market pay and comprehensive benefits. In addition to providing a professional work environment that promotes innovation and rewards performance, 3M’s total compensation for employees includes a variety of components for sustainable employment and the ability to build a strong financial future.

Executive Compensation Policies and Practices

3M is a pay-for-performance company. In addition to base salary, executives are compensated for their contributions to the company’s growth, profitability and other goals. This compensation falls into one of two categories: short-term cash incentives in the form of an annual performance-based award opportunity, as well as long-term equity incentives in the form of annual awards of performance shares and stock options, and in certain circumstances (for purposes of hiring or retaining key talent, for example), grants of restricted stock or restricted stock units.

As detailed in the 3M Board of Directors Compensation Committee Charter, all aspects of this compensation are reviewed regularly by the Compensation Committee, which is composed solely of independent nonemployee directors. The committee, along with an independent compensation consultant, assesses the design and risks associated with executive compensation and recommends changes when appropriate. Its recommendations related to compensation for 3M’s Chief Executive Officer are subject to ratification by all of the independent members of the Board of Directors.

The Compensation Committee reviews stakeholder proposals relating to executive compensation matters and recommends to the Board the Company’s response to such proposals.

In 2016, at 3M’s annual meeting, stockholders approved a new, long-term incentive plan for executives. Included in this plan, which received a 96 percent approval rating from existing shareholders, is a formula for calculating performance based on four criteria: (1) earnings per share; (2) free cash flow conversion; (3) return on invested capital and (4) organic local currency sales growth. Using four different metrics, rather than just total shareholder return, allows for a more equitable, check-and-balance approach to evaluating performance.
Like most of 3M’s U.S. employees, 3M executives are also eligible to participate in three deferred compensation plans, which enable them to save for retirement or other reasons, and receive certain other benefits. Approximately 100 executives participated in this program in 2016, including all of the Named Executive Officers.

3M’s 2017 Notice of Annual Meeting and Proxy Statement provides additional detail on executive compensation. Anyone who owns shares of 3M common stock can vote at the Company’s annual stockholder meeting, using a proxy. The proxy can be submitted by phone, by mail or on the internet. The Proxy Statement that accompanies the actual proxy itself describes the matters that are to be voted on, and provides information on those matters so stockholders can make an informed decision. Results of votes are filed with the Securities and Exchange Commission within four business days of the annual meeting, and are made available on the 3M website.

**Director Compensation**

The Nominating and Governance Committee periodically receives reports on the status of Board compensation in relation to other large U.S. companies and is responsible for recommending to the Board changes in compensation for non-employee directors. In developing its recommendations, the Committee is guided by the following goals:

- Compensation should fairly pay directors for the work required in a company of 3M’s size and scope.
- A significant portion of the total compensation should be paid in common stock to align directors’ interests with the long-term interests of stockholders; and
- The structure of the compensation should be simple and transparent.

Periodically, at the request of the Committee, Frederic W. Cook & Co., Inc. conducts a survey of director compensation at other large U.S. companies and provides expert advisory support to the Committee on the compensation of non-employee directors.

**Leadership Behaviors**

Compensation for 3M employees is not just tied to what they do, but how they do it. This holds true for general leadership responsibilities as well as performance related to Sustainability issues. Leadership Behaviors establish what is expected, and also how everyone can demonstrate and meet those expectations through their actions and interactions.

Six behaviors of effective leaders at 3M:

- **Play to win**
- **Prioritize and execute**
- **Foster collaboration and teamwork**
- **Develop others and self**
- **Innovate**
- **Act with integrity and transparency**

3M innovation takes a lot of people who are constantly searching for new and better ways to make innovation happen. People who challenge the status quo and welcome change. And people who know how to leverage internal and external networks to create win-win solutions.

To make sure we are constantly innovating, our leaders must create an environment that allows and challenges people to seek out new ideas and process improvements that drive success. Our “Innovate” Leadership Behavior includes an expectation to support 3M’s Sustainability goals.

Ratings of achievement of measurable targets impact employees who are eligible for variable compensation. Ratings of Leadership Behaviors impact long-term variable compensation for those employees in senior positions (e.g., job grade 14 or higher, or equivalent).

**Other 2016 compensation highlights**

The 3M pay-for-performance philosophy applies to all employees. In 2016, 3M re-designed an employee performance review process that is directly connected to an individual’s compensation. The intent of the process is to align individual goals and performance with business objectives and outcomes, creating a win-win situation for the employee and the company. In addition, the process helps identify and develop leaders to meet 3M’s ongoing talent needs.

Additional information on 3M’s employee development and compensation can be found in our Employee Programs section.

**Our Actions**

3M has a formula for competitive pay including market adjustments and performance accelerators that are based on an annual performance review and the Leadership Behaviors discussed above under Our Commitment.

Our performance compensation includes short-term variable pay and long-term equity and cash incentives for some employee categories. Multiple employees fall within each employee category, and their respective performance-related compensation may vary.

At 3M, the proportion of total rewards aligned with variable (incentive) pay increases with job level and is reflective of the job level’s influence on both short and long-term results. Eligibility for Annual Incentive Plan (AIP) and Long Term Incentive Plan (LTIP) are based on job level, considering both the job level’s ability to influence the incentive period being measured and market competitiveness for these types of compensation.

Additional information on 3M Total Rewards can be found in our Employee Program section.

**HR Manager Sessions**

Early in 2016, a series of HR manager sessions were held worldwide to provide managers and supervisors with a baseline understanding of 3M’s approach to competitive pay and pay-for-performance, to help them communicate to employees where they stand in the pay range for a given grade compared to peers and employees at other companies. Globally, 98 percent of managers completed the session.

**Global Market Pricing Project**

According to company surveys, 63 percent of 3M employees believe they are being paid competitively. To drive consistency and transparency in compensation practices across all regions, during 2016, the company completed a global market pricing project. Using common job descriptions and grades throughout the world, this project used data from three global surveys to benchmark pay levels, map job grades, and create a consistent short-term incentive plan, which helps take manager discretion out of compensation.

Additional information on the project launch can be found in Looking forward.

“Thanks to the Global Market Pricing Project, no matter where you talk 3M grade levels, a nine is a nine is a nine.”

Jack Arland, Director, 3M Global Compensation and Mergers & Acquisitions.

**Employee Stock Purchase Plan**

The 3M General Employee Stock Purchase Plan continues to be seen as a model among companies worldwide. The company offers a 15 percent discount on stock purchases to eligible employees worldwide through convenient payroll deductions. In 2016, participation among employees was 31 percent worldwide.

**Looking forward...**

**New Self-Service HR Platform**

3M moved to a new human resources software platform that will be deployed globally beginning in 2017. This easy-to-use, self-service platform enables managers to make better and faster decisions using real-time business insights. For both managers and employees, the platform provides more transparency, efficiency and accuracy regarding compensation practices.

**Global Market Pricing, Applied**

In 2017, the company will begin applying what it learned in 2016 from the global market pricing project. Supervisors will receive further training about the salary adjustment process, and how individual and corporate performance affect an employee’s pay. The goal is to be transparent regarding salary information and, ultimately, to make sure 3M employees are paid a wage that is competitive with their peers at other enterprise organizations around the world.
Employee Programs

Our Commitment

At 3M, we recognize that growth of our company is directly related to growth of our people. Our science not only impacts our customers around the world, it makes a difference in the way we work.

Engaged employees, we believe, are more satisfied with their work, tend to stay longer, and are more productive and committed. So we foster and reinforce behaviors that support engagement on many levels, including networking and collaboration, diversity and inclusion, and focus on the quality and the impact of the growth journeys.

3M’s strategy to “Build high performing and diverse global talent” leverages the strength of our people to implement other 3M strategies, namely “Gain profitable market share and accelerate market penetration everywhere” and “Expand relevance to our customers and our presence in the marketplace.”

2025 Goal: 100% participation in employee development programs to advance individual and organizational capabilities.

Our employees are encouraged and supported to pursue areas of interest and develop career paths and opportunities aligned with those interests.

Our Actions

3M is a pay-for-performance company: the more an employee contributes to 3M’s success, the more success is created for the employee. We also offer a wide range of benefits and discounts designed to help employees live their best.
3M Total Rewards

3M Total Rewards includes a range of plans and programs that are intended to attract, retain and motivate the high-performing employees we depend on for growth and success. 3M regularly benchmarks its compensation and benefits with those of companies that are comparable in size and scope to assure that we remain highly competitive. According to company surveys, 86 percent of 3M employees believe 3M Total Rewards are competitive.

3M Total Rewards break down into three areas: pay, benefits and life at 3M.

Pay

We offer a competitive base pay and, depending on position, variable incentive pay linked to company and individual performance.

While base pay applies to all employees, variable pay is offered to eligible employees and may include annual incentives, sales incentives or other incentives. See the Compensation section for more details.

Benefits

Medical, dental and vision plan options, savings and retirement plans, a 3M employee stock purchase plan and many other resources can enhance a 3M employee’s life, both physically and financially.

All regular full-time employees in the U.S. are eligible for these benefits — regular part-time employees who work at least 20 hours/week are also eligible. Some programs and benefits may differ internationally due to local laws and regulations.

For U.S. employees, in 2016, we updated our parental leave policy to enable each parent to play an active role in nurturing his or her family, regardless of gender or sexual orientation. The policy offers the flexibility to make it work for both one’s job and family. Mothers and fathers of newborn or newly adopted children are entitled to up to 20 weeks of Parental Leave — 10 weeks of paid leave (four weeks at 100 percent and six weeks at 50 percent) and 10 weeks of unpaid leave. Working part-time is also an option using one of the 3M standard part-time schedules. While there can be different definitions for “parental leave,” in the U.S. during 2016, a total of 653 employees took either short-term disability benefits for maternity (paid leave) and/or unpaid bonding leave (includes adoption) (female 398/male 255).

In addition, our short-term disability plan was enhanced in 2016 to provide a higher level of benefits earlier in an employee’s career. A new hire now will start out with six weeks of 100 percent paid short-term disability coverage, compared to 60 percent coverage in the previous plan.

Further information on 3M’s wide range of benefits and discounts designed to help employees live their best can be found at Benefits.

Life at 3M

3M employees can grow through challenging work by leading important projects, working with diverse, talented people and finding endless opportunities to develop skills — while enjoying access to many perks, programs and resources.

3M Healthy Living Program

The 3M Healthy Living Program offers a variety of resources, rewards and incentives to help employees live a more active and healthy life. A sampling of opportunities available:

- 3M Medical Plan premium discount for being tobacco-free and taking steps to improve health
- On-site fitness centers at select locations
- Fitness center discounts
- Weight management program reimbursement
- Confidential Employee Assistance Program (EAP)
- Tobacco cessation offerings
- Resources to help manage medical care and make informed health care treatment choices
- Stress management coaching
- Child and adult (elder) care consultation and referral
- Financial and legal consultation and referral services
- Parenting resources, scholarship programs and personal growth resources
- Access to on-site health and personal services in our Headquarter location, including an on-site pharmacy and medical center
- 3M Club that provides discounted tickets and an avenue to share hobbies and interests with other employees

Additional resources and opportunities offered:

- Tuition reimbursement
- Adoption assistance
- Flexible work arrangements
- Diverse career and development opportunities
- Scholarships for eligible dependents of employees
- Voluntary long-term care coverage, group auto and home insurance
- Employee store to purchase 3M products online or at many 3M locations
- Support for community involvement: Matching Gifts, Volunteer Match, 3Mgives (our community giving program)

Education and Career Growth

Today’s business environment demands that we become faster and more flexible in anticipating and exceeding the needs of our customers, shareholders and employees. Creating a high-performance culture built on continuous learning helps 3M achieve business growth for the company and professional growth for employees.

Investing in our People

The growth of our people is essential to the growth of our business. Although we reached our goal of 25 hours per year per full-time equivalent (FTE) employee of training and development, it is only one part of the picture. We utilize the 70-20-10 development model which indicates that over the course of a career, 70 percent of learning is done on the job, 20 percent comes through other employees, and only 10 percent of meaningful development is reached through formal training.

Our learning orientation and philosophy is results rather than activity-based. Measures such as training hours or costs per employee are not leading human capital performance indicators for 3M. We believe indicators that align people’s results to the success of the company are direct performance indicators of development programs. Leadership and employee engagement, Employee Retention Rates, New Product Vitality Index (a key metric for the company — sales percentage of new products introduced in the previous five years), Brand Recognition, Acquisition Integration milestones, and Lean Six Sigma project value are a few examples of indicators that contribute to 3M’s recognition as an industry and global leader.

While we can estimate that our training numbers are close to averages found in other large manufacturing companies, comprehensive global metrics on training and training investments are difficult to track, in part due to 3M’s history of decentralized accountability and control over businesses. Our locally accountable approach enables quick reaction and fine-tuning to meet the needs of each market. However, tracking non-corporate/local efforts is difficult because each is adapted to the needs of that unique market and business/function and may not use corporate-wide systems.

3M has separate processes for employee performance and career development reviews.

Employee Career Development

With the roll-out of our new employee resource platform in early 2016, employees are now easily able to link development planning to specific competencies, for which development resources are readily available. Aligned with this, we have a goal of 100 percent of employees engaging in development activities. Employees create or update their development plan that includes goals to elevate individual performance and skills to further career development. Employees can use additional skill-mapping tools in collaboration with their supervisors to identify long-term desired goals. Contribution and development assessments for production staff follow site-specific procedures depending on local requirements and business-specific needs.
Since 2012, 3M has embarked on a process to define and communicate global functional competency models which clarify expectations of leaders regarding the knowledge, skills, and abilities to be developed over a career within a specific function. Based on shared expectations, career paths are aligned with investment in training and development resources. Each function with a completed competency model publishes a guide that provides links to relevant training opportunities, as well as development suggestions that can be discussed and agreed on with the employee’s supervisor to grow the competency through on-the-job activities or social learning through a coach or mentor. Currently, the competency-based resources cover approximately 91 percent of the non-production professional employee population.

Performance Assessment and Contribution

Throughout the year, employees meet with their supervisor to evaluate progress on current goals and adjust them as needed to align to any changes in priorities.

Our process includes two components: 1) measurable targets agreed upon by each employee and his/her supervisor; and 2) Leadership Behaviors ratings, which reflect the extent to which the employee engaged in core behaviors that allow 3M to execute our strategies and meet our objectives.

The performance assessment process helps hold each of our employees accountable for their contribution and everyday behaviors. The process aligns personal goals with organizational goals—we strive to achieve our goals in ways that support and strengthen our culture and achieve sustainable growth. In addition, 3M has prioritized taking a well-rounded view of an individual’s performance, assuring that employees are treated in a fair and consistent manner:

- Performance goals, linked to higher-level organizational goals, are set jointly between the individual and his or her leader. Tools provided to leaders facilitate conversations between leaders and employees to assure mutual understanding of expectations and desired behaviors.
- Feedback on progress toward these goals is provided formally, twice a year, and supervisors are taught and encouraged to provide routine feedback to help employees adjust performance and meet or exceed goals.
- Management Team Reviews function not only to provide comprehensive information about an employee, but also to further the goal that rating considerations will be consistent for employees within an organization. This maximizes fairness by equating ratings for similar performance.

Each year, all 3M nonproduction employees identify their contributions in meeting their specified goals through an employee performance process. 3M strives to have 100 percent of nonproduction employees complete the entire performance review process. In 2016, all eligible employees were rated through the calibration meetings, and these employees and their supervisors received tasks to complete the year-end process in the performance system.

Employee Turnover

Our global voluntary turnover rate continues to be under six percent, a source of great pride for our company. Compared to most companies, 3M employees love working here, and they rarely leave the company. We calculate voluntary turnover separately from retirements, company initiated turnover, and reductions in force. Voluntary employee turnover is defined as turnover due to employee initiated reasons (e.g., returning to school, going to another job in a different company).

Total turnover includes voluntary turnover and all other forms of turnover (e.g., termination as a result of restructuring, termination for poor performance, retirements). Our total employee turnover rate is an annualized rate that measures employees who have terminated or retired from 3M during the calendar year, excluding foreign service employees and 3M temporary employees.

Temporary employees are 3M employees hired temporarily with intent to be employed short-term. They do not include contingent workers.

3M follows all applicable local laws and regulations regarding notice periods in the event of business operations changes.

3M’s HR department is unique in that we have one global system to track HR information. At every 3M location around the globe, we have instant access to this information—using our global reporting tool.

New Employee Onboarding

3M invests in onboarding and developing new employees so that they have the tools, resources and networks they need to succeed. Our onboarding process begins at the time a candidate accepts a job offer and continues through the first year of employment. A consistent, comprehensive onboarding platform provides pre-start information delivery and engagement for new employees on the front end, and clear metrics, reporting and tracking for 3M on the back end. This investment sets new employees up to be successful and to make meaningful contributions from the start.

Accelerated Leadership Development

3M views leadership development as a competitive advantage and is accelerating leadership development across all employee segments by using new technologies and delivery methods to make its programs globally inclusive.

There are multiple leadership development programs offered for different stages in an employee’s career journey. At any stage, in every region, business and leadership courses are made available to employees, including free online programs that cover topics ranging from personal effectiveness to finance. There is also a year-long onboarding program for new supervisors, as well as several programs for leaders as they progress into different leadership roles.

3M is building leadership capability throughout the company by embedding diversity, collaboration and inclusion strategies directly into our programs.

Global Executive and Leadership Development

3M Leadership Way

In 2015, 3M introduced a new initiative called 3M Leadership Way under 3M’s Global Academy of Innovative Development. This approach to the way 3M develops leaders is consistent across all areas, businesses and functions. It is customer-focused, results-driven and takes learning outside of the classroom walls. Common threads run through the development journey, such as core content (i.e., 3M Playbook including the 3M Vision). Also, programs are tailored to provide the formative experiences necessary to prepare leaders at each level for their next assignment.

Through 3M Leadership Way, our promise is to unleash the leader’s potential to add value to our company, customers, and the world we live in. 3M Leadership Way Stages:

Catalyst

Catalyst is a 12-month program designed to develop the company’s top 250 leaders into true leaders who can impact the course of 3M and also the course of the world.

Amplify

Amplify is a 9-month program for participants with the potential to reach the director level. It includes the same components as Catalyst, scaled to the needs of future directors.

Ignite

Ignite is a 6-month developmental journey for those who are transitioning to leading teams, and who have the potential to become senior managers.

Networks and Collaboration

3M has numerous pathways to support organizational communications, learning and knowledge management. There are a variety of corporate and job functional systems to methodically help information and knowledge emerge and flow to the right people at the right time to add value. For example:
Formal Learning Networks: The Learning Solution has been 3M’s corporate learning management system and one-stop electronic learning center. It has helped employees enroll in, deliver, track and report on learning activities and has served the learning needs of 3M business units, plants and learning organizations globally. However, a new platform designed to simplify access to learning activities, is on the horizon. See Looking forward.

Intranet Knowledge Platforms/Databases: 3M’s intranet site structure is set up so that each employee has a Work Center as one of the quick-link tabs following login. Each Work Center is a collection of tools, systems and processes that are used routinely in daily work practices to successfully complete projects and work assignments in an employee’s functional work area. Company news for employees is available on a global news site, 3M Newsroom.

Best Practice Descriptions/Processes: As a diverse technical company, 3M shares best practices several ways. Two of the most widely used internal mechanisms are the 3M Tech Forum and the 3M Engineering and Manufacturing Technology Organization. These two organizations provide an extensive network of expertise through specialized chapters focused on 3M’s core technologies and other emerging markets.

Company Education: In addition to a variety of general courses, webinars, etc., 3M offers specialized extended courses to increase skills such as the 3M Leadership Development Institute, the 3M Supply Chain Academy, the 3M Marketing University and the General Managers’ and Managing Directors’ program.

Idea Sharing: Idea management is driven differently across the Company depending on organizational needs and what works best for the area of work. Some platform examples include Yammer, Wiki Enterprise, and various 3M internal and external social media channels. Systems are implemented and available globally to share best practices and ideas. Additionally, since about 1948, we’ve encouraged our employees to spend 15% of their working time on their own projects and sharing those ideas with colleagues.

Employee Awards and Recognition

3M sponsors many corporate award programs to honor individuals and teams that make significant contributions to the company. In addition, many divisions also have their own specific ways of recognizing and rewarding people. Across 3M, management can choose from a variety of monetary and nonmonetary awards to show appreciation for exceptional contributions. Examples of corporate awards include:

- Awards for specific professionals, such as the Global Marketing Excellence Award and the Circle of Technical Excellence and Innovation Award
- Awards for cross-functional teams, such as the Golden Step Award
- Awards focused on employees who improve safety or pollution prevention
- Two prestigious lifetime achievement awards: the Engineering Achievement Award and the Carlton Society recognition, which honor employees for their scientific achievements

Our Footprint

The employee metrics in the charts are reflective of employee headcount as of December 31, 2016 (total number of 3M full-time and part-time employees) not 3M full-time equivalent (FTE) employees. Due to acquisition integration schedules onto 3M’s human resources systems, detailed employee information below may differ from employee totals in 3M financial reports.

Looking forward...

In 2017, 3M will launch Develop U, a robust new learning platform designed to provide employees with simplified access to employee learning and development tools. This centralized platform will contain more than 2,000 learning resources in over 15 languages.
3M Global Female Employees by Region
Percentage of Total Employees

3M Global New Employee Hires by Region
Total

3M Regional and Global Employee Age Distribution
2016 Percentage

3M Global Female Hires by Region
Percentage of Total Hires

3M Global New Employee Hires by Region
Total

How We Work | Employee Programs
Health and Safety

Our Commitment

Injuries and illnesses have declined since 2006. And we're working to push them even lower.

As a company that makes a vast array of products designed to protect workers, 3M is front and center in the global effort to bring new science and innovation to workplace safety. At the same time, as an enterprise with 91,600 employees working around the world, we are always taking steps to advance the safety of our employees.

Since 2006, due to these diligent efforts, worldwide lost time rates have decreased 49 percent for 3M employees.

Employee Health and Safety

The 3M Global Safety and Health Policy applies to 3M operations everywhere, including new acquisitions. Hazards in 3M's workplaces must be well understood and effectively managed to protect 3M employees, visitors, locations, and surrounding communities.

In addition, in the spirit of continuous improvement, much is being done to evaluate opportunities to raise our safety standards. We visit locations, perform audits of record-keeping practices and review incident data, the quality of our investigations and corrective actions taken.

An employee fatality caused by electrocution occurred at a U.S. manufacturing site in 2016. The operation was shut down immediately for thorough root cause investigation. The exact actions taken by the employee moments before the electrocution were not witnessed. All operators of the involved process had been trained, qualified and equipped to carry out work activities.
on live electrical energy. It is unknown why contact with the electrical energy source occurred. Additional preventive measures were implemented to further strengthen the safety of the operation before it was restarted.

Contractor and Visitor Health and Safety

All visitors, vendors, and contract workers at 3M locations are held to the same safety and health requirements as 3M employees, beginning with a pre-qualification process before granting contracts for work, and getting information such as injury/illness rates, Experience Modification Rates (EMR), and training and activity levels of safety committees. For a non-3M employee (contractor) conducting work at a 3M location, before actual work begins, formal pre-construction safety reviews are conducted to address potential hazards and controls related to the work. Monitoring of safety performance is frequently conducted throughout the contract term.

In addition, each location has a Contract Coordinator who is the main contact for contractor safety. They have the ability to participate in pre-bid meetings and pre-qualifications for contractors. The Contract Coordinator is on-site and therefore available for daily meetings and safety reviews to assure proper behavior, training, and weekly inspections.

Any contractor incidents are reported in the 3M Worldwide Incident Management System (WIMS), including injuries and contractor worker hours.

Process Hazard Management

3M is committed to rigorously monitoring the risks associated with hazard management, such as process-related fires, explosions and sudden release of toxic materials. We use a Hazardous Process Evaluation Tool (HazPET) to categorize hazardous processes and assess the effectiveness of existing safeguards. Layers of Protection Analysis (LOPA) is also used to evaluate critical safety devices and systems, providing more attention to independent protection layers.

Our Actions

In 1996, a Global Safety and Health Plan (GSHP) tool was initiated for all global 3M locations, and it has been continually used and improved since then. This tool utilizes a well-developed self-assessment process that is categorized into multiple elements addressing various areas and standards related to safety and health. 3M utilizes a variety of tools to manage risks from hazards in the workplace. We’ve used specialized tools successfully for a number of years in the areas of process safety, industrial hygiene and ergonomics. Each of these disciplines uses a risk management approach to categorize hazard levels and define appropriate levels of control.

RAP and WIMS assessments bring historic success

It has been more than four years since the roll-out of the RAP (Risk Assessment & Prioritization) process was officially launched in WIMS. Today, over 90 percent of our locations have people with formal RAP training.

Since that launch, risk reduction activity has yielded gratifying results. At the end of 2016, over 59,000 risk assessments had been completed which resulted in the identification and reduction of more than 17,000 higher initial risk activities. This, in turn, has correlated to a steady decrease in severe incidents over the past three years.

The SIF (Significant Injury/Illness or Fatal) rate at 3M, which remained at 0.19 from 2012 through 2014, fell steadily in 2015 and continued its decline in 2016 with a net reduction of around 42 percent. This represents about 50 fewer significant injury/illness incidents per year. The following chart shows the worldwide SIF rate trend for all 3M employees, contingent workers and contractor workers combined.

Significant injury assessment

In 2013, 3M instituted a new approach to dealing with hazards that have the potential to result in fatalities or serious injuries. In 2014, we implemented metrics to measure our progress toward a five-year goal of
100 percent conformance to the following six standards for managing risk in certain high-hazard activities:

1. Safety and Health Hazard Recognition and Risk Assessment
2. Incident and Potential Hazard Reporting, Record Keeping, Investigation and Follow-up
3. Powered Industrial Vehicles
4. Machine Guarding
5. Work at Height
6. Process Hazard Analysis

Comprehensive Chemical and Noise Exposure Risk Assessment and Management

To accurately assess exposure management programs and activities, 3M uses the comprehensive approach outlined by the American Industrial Hygiene Association (AIHA). In the past decade, over 95 percent of all chemical agents and noise baseline exposure risk assessments have been completed for all jobs, including annual air and noise sampling plans, exposure assessment validation plans, hearing conservation programs and respirator and personal protective equipment programs. The results of these assessments help us determine whether any changes in exposure management programs are warranted.

Ergonomics Risk Management

Since ergonomic and noise-related injuries continue to be a major topic for all kinds of employers, 3M included, we have been placing special emphasis on developing regional leaders for ergonomics at various locations around the globe. In 2016, we trained ergonomic experts in each region globally to drive ergonomic risk reduction. Ergonomic training is also available 24/7 to any employee in the world who wants to learn more. These efforts have led to reduction in recordable cases; see Recordable Incident Rate chart above.
How We Work | Health and Safety

How We Work | Health and Safety

Static Discharge Improvement Plan

With continuing growth in electronic devices and technology, 3M developed a static discharge improvement plan in 2016. This plan includes the appointment of a competent, trained coordinator at each 3M location where there is potential for static discharge incidents; creation of supporting procedures, instructions and knowledge documents; training for operators, management, EHS personnel, and engineers who are responsible for design and mitigation efforts. In addition, the Electrical and Management of Change (MOC) sections of the Global Safety and Health Plan Standard have been updated to include new audit questions and explanations. Metrics will be collected to monitor the progress of the program.

Safety and Health Committees

3M seeks employee participation at all levels to assure involvement and ownership of safety and health programs and systems. Safety and Health Committees, typically comprised of both management and employees, are key to us achieving effective, proactive solutions to safety and health issues, as well as substantive results. Emphasis is placed on a cooperative effort between management and employees in achieving these goals.

Through these collaborative efforts, all employees have the opportunity to be involved in risk assessment activities to then develop action plans and assign responsibilities for completing safety and health-related goals and objectives.

In 2016, 100 percent of 3M manufacturing locations worldwide had active employee safety and health committees.

Additional Steps to Protect People at Our Facilities

3M follows the U.S. Occupational Safety and Health (OSHA) recordkeeping rules and formulas to record and measure injury and illness rates worldwide. All 3M employees and contingent employees, regardless of facility type but within 3M’s operational control, are covered by our injury and illness recordkeeping rules. In addition, contractors are asked to submit notification to 3M of worker hours and any injuries occurring while performing work in accordance with a 3M contract.

Details of 3M’s Healthy Living Program and other health and safety employee programs can be found in our Employee Program section.

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3M Environmental, Health and Safety (EHS) will be hosting the 3M Global Safety Conference in May, 2017 in Minneapolis, Minnesota. This internal conference is focused on managing EHS risks, increasing knowledge of 3M safety systems, strengthening regulatory compliance, and increasing productivity.

In addition to the global safety conference, more training will be available in 2017 to assist locations in their risk reduction efforts and to provide them with benchmarks on the quality of their risk assessments. Assistance is also available from Corporate Safety for a case by case review of risk assessments for any particular challenging hazard in need of improved controls.

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Environmental Management

Our Commitment

In 1975, 3M formalized its commitment to environmental stewardship when the company’s Board of Directors adopted the 3M Environmental Policy. This policy established the framework for our approach to responsible environmental management and conservation of resources, emphasizing prevention of pollution at the source.

Since then, we have created supporting policies using a needs-driven process. When we identify potential risks to the environment, health, and safety of our employees, products, and communities, we take steps to modify processes and standards that address these risks. Our strategy and resulting actions are demonstrated in the following policies, positions, and standards: Environmental Policy, Energy Policy, Greenhouse Gas Management Standard, Product Carbon Footprint Standard, Disposal of Chemical Waste Standard, Waste Management Program Standard, Water Management Standard and our Global Climate Change Position Statement.

We are committed to complying with all environmental requirements and regulations.

3M’s global operations are subject to environmental laws and regulations, including those pertaining to air emissions, wastewater and stormwater discharges, hazardous substances or materials of concern, and the handling and disposal of solid and hazardous wastes. These laws and regulations are enforceable by national, state and local authorities around the world.

3M’s Acquisition, Divestures, and Mergers Standard applies worldwide to all 3M acquisitions, mergers, divestitures, joint ventures and real estate transactions.
3M’s strategies for sustainable development encompass the pursuit of customer satisfaction and commercial success within a framework of environmental, social and economic values. The company continues to make significant investments to reduce the environmental footprint of our operations; and our products with sustainable attributes help customers reduce their environmental footprint and help to meet their Sustainability goals. Always, 3M believes environmental policy and regulations should be guided by science-based decision making.

Our Actions
Setting and implementing global environmental policies, management systems and key performance metrics enables 3M to continually integrate and drive environmental stewardship into each of the company’s five business groups globally, assuring consistency and innovative environmental thinking. As reflected by our environmental performance indicators and 2025 Sustainability Goals, environmental stewardship is a core corporate commitment backed by decades of proven performance.

Management
3M’s Environmental Management System (EMS) framework provides structure and consistency for overseeing daily activities, and puts the company in proactive, rather than reactive, mode regarding its environmental focus. We have extensive global environmental data management systems in place to identify, track and manage relevant information on corporate-wide environmental management and performance. This includes management systems covering a full range of environmental compliance and operational performance metrics relevant to 3M operations, some of which are provided in this report.

Information and performance data on a majority of these program elements are tracked and reported through corporate electronic reporting systems. Quarterly scorecards report data at the facility, division, business group and corporate levels. These scorecards are reviewed by executive management for performance on selected indicators, enabling 3M to monitor and identify successes, risks and opportunities for improvements and reductions worldwide.

Environmental Incident Management
Since 2010, all 3M locations globally are required to internally report environmental exceedances, spills, agency notices and fines through one dedicated system—3M’s Worldwide Incident Management System (WIMS). This includes:

- Exceedances: emissions or other environmental parameters above permitted or allowable regulatory levels
- Significant Spills: spills that are above a designated risk-level based on an internal company set volume and threshold.
- Agency Notices: notices received by 3M for alleged deviations from an environmental regulatory or permitting requirement.
- Fines: compensation paid by 3M to address an administrative fine or penalty imposed by an environmental regulatory agency.

WIMS has led to continuous improvement related to increased awareness of responsibilities, understanding of the holistic system and more consistent reporting requirements for 3M’s global operations.

Environmental Management Implementation
Implementation of our EMS continues to increase throughout the world and has translated into reduced costs through operating efficiency, improved environmental compliance, reduced waste, cost of waste, and energy and water disposal costs, and increased employee activity. EMS is also expanding our Sustainability image around the globe, which has strong financial benefits.

Our approach calls for each site to establish, implement, and maintain documented environmental objectives and targets. When establishing an EMS plan, each site must address financial, technological, operational, and business considerations. The objectives and targets should be measurable and consistent with our environmental policy, including our commitments to prevent pollution and be compliant with applicable regulations and other requirements to which we subscribe.

3M’s multifaceted strategy for implementing environmental management systems and global auditing of environmental compliance for our operations is key to understanding any potential gaps and gaining resolution quickly. All manufacturing locations are required to complete a Global Environmental Management Self-Assessment (GEMSA) at least annually, which consists of a detailed evaluation of the location’s systems alignment for assuring environmental compliance and management system performance. Among the topics covered in the self-assessment:

- Regulatory Applicability
- Regulatory Change Management
- Air Regulatory Compliance and Conformance
- Air Emission Control Operations
- On-site Waste Management
- Off-site Waste Recycle and Disposal
- Wastewater
- Rainwater and Stormwater
- Water Supply and Use
- Groundwater and Remediation
- Storage Tanks
- Energy Management
- Environmental Policy and Standards
- Incident Prevention Reporting and Investigation
- Incident Reporting and Investigation
- Planning and Goals
- Training and Communications

The elements reflect procedures, systems and processes that are comprehensive and mandatory to maintain compliance with legal or other requirements. Additional ISO 14001 elements and associated questions are provided to enable sites to conduct further review of their EMS. Data from the assessments is validated through audits, site visits by subject matter experts and other data systems.

Environmental Investments
In 2016, 3M expended about $82 million for capital projects related to protecting the environment. This amount excludes expenditures for remediation actions relating to existing matters caused by past operations that do not contribute to current or future revenues, which are expensed. Capital expenditures for environmental purposes have included pollution control devices—such as wastewater treatment plant improvements, scrubbers, containment structures, solvent recovery units and thermal oxidizers—at new and existing facilities constructed or upgraded in the normal course of business. Consistent with the Company’s emphasis on environmental responsibility, capital expenditures (other than for remediation projects) for known projects are presently expected to be about $70 million over the next two years for new or expanded programs to build facilities or modify manufacturing processes to minimize waste and reduce emissions.

Environmental Site Assessment
Outside 3M’s EMS and GEMSA, 3M has completed environmental site assessments at most locations with the goal of identifying potential historical liabilities. As a result of these assessments, biodiverse areas may be identified. Where applicable, a public database search is completed, which includes a wetland database. Site visits also identify areas such as rivers, creeks and potential wetlands that are on or near the location.

Applying ISO 14001
ISO 14001 provides a global framework for handling environmental issues within an organization. 3M, in 2016, worked with an outside consultant to help individual locations learn how to transition and recertify to the latest standard, established in late 2015. As of the end of the year, one 3M location successfully completed certification to the new version of the standard. Additional locations will go through the re-certification audit over the next two years.

Locations that are certified account for approximately 96.7 percent of 3M’s total product output. The remaining locations are from new 3M acquisitions and/or 3M office/logistic centers. ISO 14001 certification
How We Work | Environmental Management

Third-Party Assurance of Sustainability Metric Reporting

Bureau Veritas (BV) provided independent third-party verification of 3M’s 2016 environmental data (volatile organic compound emissions, water, waste, environmental compliance metrics, energy consumption and greenhouse gas emissions) included in this 2017 Sustainability Report.

Self-Assessments and Auditing

3M verifies regulatory compliance and alignment with prioritized sections of the self-assessment, conducting environmental-related audits on a risk-prioritized basis. In 2016, these audits covered sites that manufactured 11.6 percent of total product output. Key objectives of audits:

- Internally developed compliance protocols, created by subject matter experts in regulatory programs and 3M processes
- 3M’s GEMSA as an evaluation tool
- Externally purchased compliance protocols, especially for international operations, to assure local compliance obligations are understood and met
- Internal environmental compliance experts from around the company
- External environmental consultants as needed to provide additional expertise and third-party verification of our auditing protocols
- Complete and robust documentation of audit findings, assignment of responsibility and due dates for closure of findings, and detailed review of findings, to assure corrective actions are appropriate and sustainable

Self-Assessments and Auditing

3M’s environmental auditing program is audited periodically by 3M’s Corporate Auditing department.

Refining auditing management

In an effort to create more consistency in global auditing of locations, 3M has refined its Compliance and Auditing Management and Metric Systems (CAMMS). CAMMS allows us to conduct internal compliance audits in the context of applicable regulatory requirements and company policies and standards, and then using a risk assessment tool prioritize needs based on a number of factors, including the environmental footprint of the location and the number of years since its most recent audit.

Managing Global Risk and Compliance

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<thead>
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<td>Identify common areas for improvement</td>
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What comprises the auditing process:

- Manufacturing, distribution and laboratory operations are audited for environmental compliance on a frequency based on relative risk
- At least annually, all global operations are assessed against a variety of criteria to establish a prioritized list of locations for compliance auditing
- 3M uses a variety of tools and resources for compliance auditing, including:

2016 3M Environmental Conference

On May 17-19, 2016, about 200 global 3M employees gathered in Minneapolis, Minnesota for the 3M Environmental Conference. This conference, the third since 2010 and part of a long history of internal EHS conferences, provided a forum for sharing best practices and learning about environmental compliance and optimized performance. More than 80 speakers presented new ways to design waste out of our manufacturing processes and incorporate the full cost of waste into our planning processes, among many other topics. Attendees returned home with specific actions they could take to promote compliance, do their jobs more efficiently, and reduce manufacturing costs and potential releases to the environment.

2025 Goals Scorecard

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Looking forward...

Using the power of mapping

A concept developed in the 1960s primarily for agricultural use, Global Information Systems (GIS) were originally used to collect and analyze the characteristics and potential for land used for growing crops. Today, it is being widely used to do the same kind of analysis, but through an environmental lens. 3M’s short-term goal is to have location data that’s geospatial-referenced on a map for specific global sites. Ultimately, our long-term goal is to have the same information for every site worldwide.

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Our Commitment

The world’s population is growing larger, living longer, and consuming more — which puts a strain on finite natural resources. To address this challenge, 3M continuously looks for ways to recover, reuse and recycle by-products and other waste material. We are moving from recyclable to renewable materials in our product and package design. (To learn more about this, turn to our Innovation Management section.) Improving our raw material usage through product design and operational considerations provides cost benefits throughout our supply chain, in material use, energy, and transportation efficiency.

The 3M Waste Management Standard applies to all 3M locations and provides a framework for managing all waste types from the time of generation until reused, recycled, treated or disposed. The Standard sets a baseline for several core waste program elements and encourages waste minimization and recycling whenever possible. Per the Standard, each 3M location has a Waste Management Coordinator who is responsible for coordinating appropriate waste training for all personnel. Compliance with all 3M and other regulated waste requirements is evaluated through the internal environmental auditing program.

Our Disposal of Chemical Waste Standard calls for appropriate management and disposal of chemical waste, to manage risks and protect the environment. This includes efforts to reduce the amount and hazards of waste materials generated, to recycle or reuse those materials whenever practical, and to control waste disposal through final disposition.

2025 Goal: Reduce manufacturing waste by an additional 10 percent, indexed to sales.

We’ll continue to drive ‘zero waste’ thinking with our product designs and process technologies, as well as waste reduction work at our manufacturing operations.

3M Corporate Environmental Operations identifies opportunities for efficiency improvement and measures progress toward raw material usage and waste reduction goals for sites within our global manufacturing footprint. The results and raw data are used to identify, quantify and prioritize projects to improve, utilizing Lean Six Sigma Continuous Improvement methodology.

Results are reviewed quarterly and annually within regions, businesses and divisions against goals and tracking metrics. Specialized teams work on a variety of projects and programs, ranging from basic office recycling to more complex projects such as developing and capturing intrinsic waste materials generated off a manufacturing line. Through an evaluation process, all aspects of waste reduction benefits or risk are reviewed.

Waste management and minimization is an important component of 3M’s environmental stewardship. The 3M Environmental Operations and Resource Recovery organizations provide corporate oversight for global waste management activities.

2025 Goal: Achieve “zero landfill” status at more than 30 percent of manufacturing sites.

In addition to our waste reduction goal, we plan to increase repurposing, reusing and recycling of potential waste materials to divert from landfill disposal. By the end of 2016, 26.6 percent of 3M sites had attained “zero landfill” status.

A site receives "zero landfill" status when it has gone a full calendar year without sending any waste to a landfill. It will continue to be a zero landfill site as long as no waste is sent to a landfill. Waste, as defined here, does not include ash generated from 3M material sent to a waste-to-energy site or incineration. If material is inadvertently diverted to a landfill, 3M works with its vendors to contractually prevent this from happening in the future.
Our Actions

2016 was another year of significant progress for 3M in reducing waste. On many fronts, much of this progress can be attributed to a consistent, company-wide focus on reuse, reduction and internal recycling, as well as collaboration with our own technical community, channel partners and civic and conservation leaders in communities where 3M operates.

Waste from manufacturing sites accounts for the majority of waste in 3M’s environmental footprint. 3M’s waste metrics include 3M manufacturing operations with total output greater than 4.54 metric tons per year (10,000 pounds) which represents 98 percent of Sales Value of Production (SVOP) of our manufacturing sites.

3M practices waste minimization whenever practical to reduce the amount and hazards of waste materials generated. Between 2005 and 2016 there has been a 7.97 percent reduction in absolute total hazardous waste or a 25.2 percent reduction as compared to total waste. 3M is also dedicated to operating in accordance with all regulations and managing waste materials safely and responsibly. All 3M locations are required to manage all returned, recycled, and waste materials from the time of generation until reused, recycled, treated, or disposed.

We work closely with 3M Lean Six Sigma to increase waste reduction across all locations. Our waste indexed to net sales has decreased nearly 22.0 percent since 2005.

Maximizing Raw Material Usage

Raw material usage is a measurement of overall product and process yield throughout our manufacturing processes and is a key metric for 3M. It’s indicative of operational excellence in our product design and manufacturing processes. Our raw material usage includes everything from the product, the process, and all by-products.

The diversity of manufacturing technologies, processes and products at 3M provides opportunities for creative waste usage solutions for the Company. Accurate waste identification is a continuous education process and provides a foundational opportunity to further advance waste minimization and recycling at all our locations. One business’s by-product may connect as another business’s raw material. As we continue to grow internationally, integrating consistent, yet resourceful, waste management practices in accordance to 3M standards remains a key objective.

As such, we continuously look for ways to recover, reuse and recycle by-products and other waste material when feasible. And when it’s not usable, we responsibly dispose of waste materials. The concept of maximizing raw material usage is important both internally and externally to address the global challenge of resource efficiency and scarcity.

In addition to optimizing efficiencies in operational waste and recycling, 3M continues our long-standing commitments to efficient paper and packaging use. For nine straight years, we have reduced designed packaging weight in the United States, for a cumulative reduction of more than 13,000 metric tons. More than half of that reduction was in paper-based packaging. Over the last two years, global savings have been reviewed at the corporate level. In 2016, our global designed packaging reduction was just under 4,000 metric tons.

Pollution Prevention Pays

The 3M Pollution Prevention Pays (3P) program is based on the belief that a prevention approach to pollution is more environmentally effective, more socially acceptable and more economical than treatment. Begun more than 40 years ago, the program has prevented more than 2.25 million short tons of pollutants and saved over $2 billion based on aggregated data from the first year of each 3P project. Success has been achieved thanks to voluntary participation from employees across the company, including research and development, manufacturing, logistics, transportation, and packaging.

Innovative projects are submitted and then reviewed and selected based on defined criteria by a 3P committee representing R&D; Engineering; Environmental, Health, Safety and Sustainability; Manufacturing; and Supply Chain organizations. Selected project teams receive recognition for their achievement.

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**Global Waste Diversion by Type**

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<td>10000</td>
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<tr>
<td>Offsite Reuse*</td>
<td>15000</td>
<td>15000</td>
<td>15000</td>
<td>15000</td>
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</tr>
<tr>
<td>Onsite Recycle + Reuse*</td>
<td>3000</td>
<td>3000</td>
<td>3000</td>
<td>3000</td>
<td>3000</td>
</tr>
</tbody>
</table>

*Does not include Onsite Recycle & Reuse and Offsite Reuse from 3M’s Industrial Mineral Product (IMP) Division

**Global Waste by Disposal Type**

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</tr>
</thead>
<tbody>
<tr>
<td>Treatment/Incineration</td>
<td>5000</td>
<td>5000</td>
<td>5000</td>
<td>5000</td>
<td>5000</td>
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<tr>
<td>Landfilled</td>
<td>10000</td>
<td>10000</td>
<td>10000</td>
<td>10000</td>
<td>10000</td>
</tr>
</tbody>
</table>

*Waste no longer includes waste-to-energy
As part of the program, 3M Industrial Mineral Products was named 2016 Division of the Year for successfully encouraging employees to reduce and eliminate pollution at its four facilities. Through their efforts, these employees prevented over 100,000 short tons of pollution last year. To achieve this result, 3M employees at each of the locations targeted a total of 14 projects where they could eliminate waste through recycling and reuse. Their efforts contributed to saving a total of $1.26 million for the company during 2016.

Zero Landfill

Zero landfill is a goal that resonates with our local communities as well as our suppliers and customers. However, it has various definitions for different people and sites. We’ve spent a lot of time during our goal development process benchmarking peer companies that span relevant business sectors and industries. And we’ve chosen a holistic definition — Zero Landfill means no waste is sent directly to a landfill from a 3M manufacturing site in a calendar year. While we want to have all
How We Work | Environmental Management | Raw Materials

sites divert waste from landfills and increase beneficial reuse, this goal may not be financially or technically feasible for all locations in 3M.

Our site waste data is reported in the corporate Environmental Targets Database quarterly. At the corporate level, we report the percent of sites that have accomplished Zero Landfill. This data is third-party validated at the site and corporate level. We also require the sites meeting this goal to complete an internal assessment to assure accurate reporting.

We are evaluating applicability and business value of pursuing external certifications for zero landfill.

Looking forward...

Aligning with 3M’s Lean Six Sigma as a basis for driving continuous improvement, the True Cost of Waste Black Belt project was designed to assist in achieving 3M’s 2025 Sustainability goal of reducing manufacturing waste by 10 percent as indexed to the company’s sales at a facility level. By using the Lean Six Sigma tools, the project team quickly determined that a primary issue for manufacturing plants is lack of visibility regarding the quantity and cost of waste streams. The project used Business Transformation and our global Enterprise Resource Planning System to gain visibility into each manufacturing plant’s waste, thereby allowing plants to better use Lean Six Sigma tools for project hopping and prioritizing, and ultimately reducing waste.

Results from kaizen waste reduction events

Kaizen is the Japanese word for “continuous improvement.” In 2016, at two 3M U.S. locations, teams held kaizen events to prioritize efforts that will reduce manufacturing waste. The events included plant walk-throughs, waste-by-cause analyses and identification of opportunities for improvement. We should begin to see real results from these promising events in 2017.

Part of the solution requires utilizing Lean Six Sigma within a site to segregate and manage material flow for waste streams and analyze the availability of internal and external waste handling alternatives.

As sites identify opportunities to divert waste streams, it is critical to do this within our Corporate Waste Management Standard requirements. We want to protect 3M’s reputation while managing waste, and set up contracts with our haulers and recyclers and/or waste-to-energy companies to make sure our material is handled appropriately.

Packaging

In 2017, 3M plans to deploy a new software modeling tool that will help engineers reduce waste in product packaging, evaluating design options from a life cycle management point of view. A global pilot of the new process and tool was conducted in 2016 with full roll-out occurring in 2017.
Our Commitment

With an eye on our footprint and the strength of our technologies and collaboration, we aim to continue to make a difference in water availability and quality around the world.

Water Quality and Availability

Water is the most valuable natural resource for life and thriving ecosystems; therefore, our planet’s consumption must be nurtured and thoughtfully managed. We recognize that reducing water consumption in our operations and improving water quality are important elements of optimizing our environmental stewardship. Quantitatively, the availability of water must meet the needs of current and future consumer demands. In addition, water quality must comply with local regulations and be reliable in the long term.

Water is an important component for the manufacturing and support systems of several of our products. Because of this, 3M continues to actively understand, manage and work toward reducing our corporate water footprint while providing innovative solutions to our customers.

We respect our ecological and ethical responsibility and have a vested interest in preserving and improving water availability and quality relative to our operations and the communities we serve.

3M’s Water Management Standard provides a company-wide framework, including both general and specific elements for water management. The standard requires 3M operations to manage their water resources through understanding the balance of water use, compliance with regulatory requirements, systematic and prioritized conservation practices, and reporting usage. Water resources include water intake, effluent water discharge and rainwater.

2025 Goal: Reduce global water use by an additional 10 percent, indexed to sales.

3M operations must manage their water resources through compliance with regulatory requirements, conservation and reuse, and reporting of water usage internally.

2025 Goal: Engage 100 percent of water-stressed/scarcce communities where 3M manufactures, on community-wide approaches to water management.

We partner with local communities to advance water recycling and conservation. Ultimately, we aim to help these communities build and manage their own clean water efforts into the future.

Risk-Mitigation Planning

At 3M, we continually evaluate our approach to opportunity and risk. We believe the whole concept of risk appetite and tolerance is an essential component of strategic planning. This includes a broad risk oversight by the Board and its committees, with committee-level risk analyses reported to the full Board and executive-level internal auditor and Chief Compliance Officer appointed by, and reporting directly to, the Audit Committee.

3M uses the definitions and tools established by the World Business Council for Sustainable Development (WBCSD) to screen the Company’s various locations and their water use with validated WBCSD water availability, population, and biodiversity information both on a country and watershed basis. In 2016, 25 sites with annual water use equal to or greater than 1,000 cubic meters were located in water-stressed areas as defined by the extremely high baseline water stress value (WBCSD-Global Water Tool).

Each 3M site located in a water-stressed area is required to understand its water use, associated business risks and impacts and to work with local water resources to understand potential impacts on the surrounding area. Identified sites are also requested to do water conservation planning, outlining current and future water conservation efforts. Annual stress-level screening evaluations are conducted for global operations using available updates from the WBCSD Global Water Tool, an analysis of site operations and water usage and local conditions.
Our Actions

2016 was another year of significant progress, on many fronts, for 3M’s water footprint. Much of this progress can be attributed to a consistent, company-wide focus on reuse, reduction and internal recycling, as well as collaboration with our own technical community, channel partners and civic and conservation leaders in communities where 3M operates.

3M’s total water usage includes sanitary, process, heating, cooling, remediation, and other miscellaneous sources. Water usage data is tracked and reported annually on a global basis for manufacturing sites that produce greater than 4.54 metric tons (10,000 pounds) of product per year. The reported data accounts for 98 percent of Sales Value of Production (SVOP) which provides solid coverage of water use considered material to 3M’s operational environmental footprint.

Total water consumption has decreased 34.2 percent between 2005 and 2016 indexed to corporate-wide net sales. Results also indicate that a majority of 3M water use in operations is for processing products in manufacturing and heating or cooling of those processes and associated operations. We continue to improve our data accuracy through monitoring and measurement.

Water conservation efforts have been achieved through recycling, reuse, product redesigns and improvements to our buildings and manufacturing processes. A majority of our water-intense manufacturing operations are located in the U.S. and Europe, in areas that are not water-stressed or water-scarce. However, they also contribute significantly to our conservation efforts. As the Company continues to grow globally, thoughtful consideration is placed on the type of operations and availability of water sources.

Onboarding new 3M sites about water conservation.

3M utilizes the WBCSD Global Water Tool to determine if a new 3M site is in an area that has an extremely high baseline water stress value. If a site is in such an area, the company provides special training, and collects water usage data to determine whether or not to include this site as part of our water related goal for community-wide engagement approaches towards water education advancement. If included, the site is made aware of additional requirements it must meet.

Looking forward…

A 10-year plan to address global water challenges.

The focus of our 10-year strategic plan will not only be on water use reduction. The plan also focuses on collaboration and social innovation in search of solutions for emerging global water challenges. In addition, we will consider the counterbalance between water reduction, water quality and water-related risks. A critical element of this plan was the establishment in 2016 of a Corporate Water Conservation Steering Team with executive management sponsors. This team is reviewing policies, programs and procedures while expanding our internal systems globally, to create, identify and share best management practices related to water conservation.

Global Water Withdrawal
2016 Percentage

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Groundwater</td>
<td>44%</td>
</tr>
<tr>
<td>Surface</td>
<td>25%</td>
</tr>
<tr>
<td>Public Municipal</td>
<td>21%</td>
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<tr>
<td>Other Sources</td>
<td>10%</td>
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Global Water Withdrawal 2016 Percentage

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<tr>
<td>Other Sources</td>
<td>10%</td>
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Global Water Usage
Million Cubic Meters

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<td>0.002</td>
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Global Water Usage
Million Cubic Meters per MM USD Net Sales

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<td>Usage</td>
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<td>0.003</td>
<td>0.002</td>
<td>0.001</td>
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Our Commitment

We are transforming the way we use energy. Because energy impacts climate, and climate impacts everything.

Through the years, 3M has been a proactive leader in addressing both the challenges and the opportunities presented by climate change and energy conservation. Our proactive leadership is best defined by five areas of action:

1. Executive-level commitment to these important topics and our related principles, commitments and risk-mitigation planning efforts
2. Industry-leading efforts to reduce our own greenhouse gas (GHG) emissions
3. Extensive public policy engagement on both climate change and energy conservation
4. A decades-long track record of improving energy efficiency at our locations
5. Serving our customers through a wide range of innovative products that help them improve energy efficiency and reduce their carbon footprint

Executive-Level Commitment

Climate change and energy efficiency are high-priority issues throughout 3M, up to the Corporate Operating Committee and CEO. The Corporate Environmental, Health, Safety and Sustainability (EHS&S) Committee has been empowered by company leadership to take proactive steps and be responsible for all final decisions on climate change and energy strategy, including setting company reduction goals and policies.

Public Policy Engagement

3M endorses voluntary approaches to GHG emissions management. Any mandatory GHG emission reductions should be developed through international negotiations and follow these policy principles:

- Apply broadly to countries or groups of countries, and GHG emission sources
- Be guided by science-based decision making
- Utilize a consistent, market-based approach
- Encourage investment and protect intellectual property to facilitate technology breakthroughs
- Include provisions for carbon emissions trading and/or alternative investment and compliance programs
- Provide full credit for early reductions in GHG emissions

For climate change strategy and GHG emission guidance, the Corporate EHS&S Committee has appointed a corporate Climate Change Steering Team.

- Balance multiple country-level priorities, including energy reliability and independence, national security, and economic growth and employment
- Include provisions that promote the efficient allocation of emissions reductions and assure all sectors contribute to reduction targets, with the effect of allowing fair competition and avoiding market distortions within industrial sectors or across national boundaries.

3M is actively engaged in public policy development to address climate change. One example: the National Climate Coalition (NCC). 3M is a founding member of NCC, an organization committed to dialogue and policy development with decision-makers in the United States EPA and many state agencies.

Risk-Mitigation Planning

Severe weather and long-term trends could affect 3M’s operations and supply chain. To address these and other risks, 3M maintains a systematic Business Continuity and Planning Process and Crisis Management Program which coordinates efforts of local crisis management teams maintained at each 3M location and international subsidiary.
Corporate and local plans take into account natural disaster, infectious disease, employee safety, protection of assets, customer service and other business continuity requirements.

Supply chain risks are mitigated using a variety of management practices, including:
- Multi-sourcing raw materials
- Pre-qualification of potential outsource manufacturers
- Maintaining appropriate stocks of raw materials
- Contingency plans with key suppliers to assure allocation to 3M in the event of supply disruption

Science-Based Targets

3M, as a science-based company, supports the proactive approach of science-based GHG emission reduction targets. We have a long record of being proactive on the matter of climate change, as demonstrated by our 67.3 percent absolute reduction in GHG emissions from our operations through 2016, from a 2002 baseline. This ambitious reduction currently aligns with the concept of science-based goal setting, in that it far exceeds the reductions called for to date in the Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report (AR4). See Looking forward below for additional information.

2025 Goal: Improve energy efficiency indexed to net sales by 30 percent.

Energy efficiency improvements help address rising energy use, costs and climate impacts.

3M has taken a broad approach to managing our energy footprint, which includes evaluating the impact of new products and manufacturing processes as well as new equipment and locations; and reducing the energy footprint of our manufacturing and administrative locations. In addition, we actively share information about our energy management program with external stakeholders, such as suppliers, customers and other interested organizations.

Energy management at 3M goes beyond energy-efficiency efforts in factories and buildings. It is a team effort guided by the global Corporate Energy Policy and coordinated by the Corporate Energy Management team, with oversight by 3M’s Corporate Energy Manager and Engineering Vice President, and active support from the CEO. Team members come from Environmental Operations, Location Operations, Finance, Sourcing, Engineering, Energy Management, Corporate Marketing and Public Affairs. Each department provides cross-functional contributions, assuring that:
- Energy-efficient technologies are being used
- Opportunities are being identified in the design process
- Renewable energy opportunities are identified and financed
- Data is tracked routinely and consistently by locations

3M reviews its Strategic Energy Management Plan annually to prioritize programs and meet global goals. The plan uses input from stakeholders, including manufacturing directors, plant managers, operations employees and executive management. Goals of the plan: to continuously improve results, leverage engineering expertise and advances, drive plant-level efficiency improvements, maintain top management support, and protect 3M.

2025 Goal: Increase renewable energy to 25 percent of total electricity use.

Nearly 800,000 MWh of renewable energy use will be added globally. The primary sources of renewable energy will be wind and solar.

2025 Goal: Ensure GHG emissions at least 50 percent below our 2002 baseline, while growing our business.

By conserving energy, reformulating products and controlling high global warming potential emissions, 3M has been able to achieve industry-leading GHG emission reductions. Other companies are setting goals to move closer to the achievements we have already realized.

2025 Goal: Help 3M customers reduce their GHGs by 250 million tons of CO₂ equivalent emissions through use of 3M products.

While 3M has made significant GHG emission reductions across our global operations, we realize we can make far greater contributions by helping our customers reduce their GHG emissions through the use of our products. Additional information on how we work with our customers, see Our Customers.

Our Actions

Total Energy Use

Building on our 30 percent improvement in energy efficiency between 2005 and 2015, our 2025 goal is to increase energy efficiency by an additional 30 percent indexed to net sales. This will keep our global energy use nearly flat over the next 10 years, as the company grows.

Holding treasure hunts to find conservation opportunities

In 2016, 3M conducted energy treasure hunts at eight 3M locations, focused on building up energy-based project hoppers and, ultimately, making continuous improvement toward the company’s 2025 Goals.

Over $2.5 million of energy savings were identified at these locations, with active implementation strategies being put in place for the higher priority projects.

Combined heat and power

We also identified areas of focus that will make a step-change in the energy and carbon intensity of our operations. The implementation of combined heat and power systems and heat recovery systems at certain 3M locations has a large potential to improve efficiency and reduce our combined Scope 1 and 2 GHG emissions. The implementation of advanced energy information systems in our manufacturing locations is expected to give operations personnel information they can use to more effectively manage energy use.

ISO 50001

The internationally recognized standard of ISO 50001 and the U.S. Department of Energy’s (DOE) Superior Energy Performance (SEP™) certifications aim to build a culture of energy management at the location, where everyone is aware of their opportunities to increase energy efficiency in site operations; moving from the mindset of delivering energy projects in a loosely organized fashion to a structured system of management. By integrating the systematic ISO-based framework of plan-do-check-act for the management of energy in on-site operations, our locations have seen savings in energy costs and consumption, expansion of employee engagement, and increased visibility to the tracking of site energy performance. 3M has been busy increasing its ISO 50001 and SEP certified profile, with 28 locations that are certified or are working towards certification to ISO 50001 and SEP 2016.

U.S. Department of Energy Recognizes 3M’s Innovative Enterprise-Wide Approach to ISO 50001 Certification

In May of 2016, the DOE held a Better Buildings Summit in Washington D.C, where four companies including 3M were recognized for achievements in ISO 50001 certifications. During this event, it was announced that five 3M locations completed the certification process to ISO 50001. Included in the 3M enterprise-wide ISO 50001 certificate will be these five locations, as well as 3M Cordova which was initially certified in 2012 and...
recertified to the Silver level in 2015. Moving forward, enterprise-wide certification will include:

- Leverage of the already-developed implementation manual, standard operating procedures, corrective action/preventative actions reporting system, and data analysis tools
- Reduction in future audit costs through sampling-based audits
- Strengthening internal benchmarking and information sharing through networking and internal auditing
- Reinforcement of systematic management of energy at our top-consuming locations

At time of certification in April, 2016, 3M ISO 50001-certified locations had achieved a collective improvement in energy intensity of 10.5 percent.

3M Canada is first Canadian organization to be ISO 50001 Enterprise Level Certified

"It’s through initiatives like ISO 50001 and Superior Energy Performance® (SEP™) certification that 3M can achieve its ambitious global Sustainability objectives," said Richard Chartrand, 3M Canada executive director, Energy and Electronics Business Group and executive sponsor, Sustainability.

Lighting Challenge

3M developed a Lighting Challenge for all of our locations by taking advantage of the advancements of light-emitting diode (LED) technology. 3M is in the process of upgrading its lighting systems from conventional fluorescents and metal halide to the more efficient LED lighting where possible. These improvements will increase the energy efficiency of the lighting systems by 40 percent to over 300 percent in some cases. It is estimated that over 250,000 lamps have been purchased for installation in 2016 with a continuing effort in 2017. It is estimated that approximately $6 million will be saved in energy costs globally throughout the 3M sites.

3M catches the wind in Texas

On February 9, 2016, Invenergy, a leading provider of renewable energy, signed an agreement to provide 3M with 120 megawatts of wind power from the Gunsight Wind Energy Center located in Texas. "This agreement is an important and significant step toward accomplishing our company goal of increasing renewable energy to 25 percent of our total electricity use by 2025," said Jean Bennington Sweeney, vice president, 3M Environment, Health, Safety and Sustainability and CSO. "Perhaps even more importantly, this is an exciting step in helping to transform the way the world uses energy. Innovation and partnerships like this one with Invenergy are critical to improving our business, our planet and people’s lives across the globe."

Direct (Scope 1) and Indirect (Scope 2)

Since 2002, 3M has reduced Scope 1 GHG emissions by 75.3 percent, providing a direct and immediate reduction in our impact on the environment. During this same timeframe, we have achieved a 67.3 percent reduction in absolute Scope 1 and 2 Location-based GHG emissions. What makes these reductions even more impressive is that they occurred even as the company grew sales and production during this timeframe.
The GHG inventory has been calculated from 2002 to the current year by the 3M Environmental Laboratory in accordance with the World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) GHG Protocol Corporate Greenhouse Gas Accounting and Reporting Standard. The 3M Environmental Laboratory maintains an accreditation to ANSI/ISO/IEC 17025, including:

- Defined responsibilities and interrelationships of all key staff
- Documentation of key personnel qualifications
- Control over quality system documents and procedures
- Control of records
- Corrective and preventive action system

Although it is not possible to put 3M’s GHG inventory methodology on the lab’s scope of accreditation, our calculation methodology has been improved by working with a number of the quality system elements required by ANSI/ISO/IEC 17025, including:

- Internal audit program
- Documented and approved calculation procedures.

These quality system elements coupled with third party review of our emissions have assured that 3M’s GHG inventory is always in line with the five core principles of relevance, completeness, consistency, accuracy, and transparency.

GHG emission reductions are achieved through a variety of methods: improving process and equipment efficiency, upgrading equipment, reducing our demand for energy use, increasing our use of renewable energy, and implementing and maintaining pollution control technologies. These methods, and more, are integral to the company’s overall success and assist us with the challenge of addressing climate change.
Greenhouse Gas Quality System

<table>
<thead>
<tr>
<th>Relevance</th>
<th>Completeness</th>
<th>Consistency</th>
<th>Accuracy</th>
<th>Transparency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clearly defined boundaries</td>
<td>Strive to calculate and report all GHG emissions; data coverage 99% of inventory</td>
<td>Data based on approved scientific methods; should methods change, 3M will, wherever possible, recalibrate prior years’ inventory</td>
<td>Audit (internal and external) GHG emissions and calculations</td>
<td>Report on GHG emissions and activities</td>
</tr>
</tbody>
</table>

GHG Emissions from Our Suppliers and Customers (Scope 3)

3M has been developing our Scope 3 GHG emissions inventory since the publishing of the WRI/WBCSD GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard in October 2011. We place a high value on sound science and decision-making, so data reported is in accordance to the Standard. When the complexity of the supply chain does not allow for direct calculation, an input/output model calculation method is used.

For Scope 3 Categories 1 (Purchased Goods and Services) and 2 (Capital Goods), a new model has been utilized since 2015, based on characteristics of the economy in 2014. The new model reflects the improved carbon intensity, or emissions per dollar, of the economy. Since emissions prior to 2015 for these categories were based on the model available at the time (based on 2002 economic data), data since 2015 is not directly comparable to past years.

Categories 9, 10, 11, and 12 (related to emissions associated with sold products) are challenging, due to the number and complexity of products we sell, and the diversity of their uses by businesses and consumers across the globe. Many of our approximately 55,000-plus product lines are “intermediates” with many potential downstream applications, each with a different GHG emissions profile, making it impossible to reasonably estimate downstream emissions.

With the introduction of Business Transformation to 3M, our systems are becoming more unified, and this is providing us with better data to more accurately judge and make decisions. It is also helping us create real, consistent changes throughout our global operations.

Evaluating our Customer’s Potential Greenhouse Gas Reductions

3M has a process in place to estimate our claim for customer GHG emission reductions based on the use of 3M products. This process is based on the ISO 14064-2 standard for determining GHG emissions reductions. The standard compares emissions from the project scenario against a baseline scenario. The project scenario estimates the GHG emissions including manufacturing and use of the 3M product. The baseline scenario covers the same function, but without the 3M product. In some cases, there is no suitable replacement for the 3M product, so the baseline scenario is the absence of the 3M product entirely.

The boundaries of the 3M product scenario are nature to gate or nature to grave, in which we include all emissions from raw material extraction and purification, manufacturing, and use.

In some of the studies, where appropriate, we include disposal of the 3M product. The 3M product scenario uses high-level estimates and averages for manufacturing emissions (e.g. energy per pound of product produced at a location). This allows these studies to be completed more quickly, but at a higher uncertainty.

The boundaries of the baseline scenario match the 3M product scenario, except that we apply conservative assumptions. Conservative is defined as a choice that creates a minimum in the GHG emissions of the baseline scenario. For example, if data does not exist for a chemical in the baseline scenario, we assume the emissions to be zero.

The uncertainty for all the studies is ±50 percent. Although this sounds high, ±50 percent approximates data of fair to good quality as defined in the WRI/WBCSD Product Life Cycle and Accounting Standard Quantitative Inventory Uncertainty Guide.

In 2016 alone, our customers avoided emitting about 13 million metric tons CO₂ equivalents through use of various 3M product platforms calculated in accordance with the ISO 14064-2 and 3M Environmental Laboratory standard operating procedures.

Air Quality Management

As a company that uses many solvent-based materials, 3M inherently releases volatile organic compounds (VOCs) from many of our manufacturing processes. Because of this, many of our locations require permits with rigorous VOC tracking requirements. Even where tracking is not required from a regulatory perspective, 3M voluntarily tracks VOC usage and emissions from major sources of emissions in order to identify further opportunities for reduction. 3M has developed internal programs to minimize its VOC emissions. We track and report emissions based on raw material usage, engineering estimates and stack test data.
Air Emissions Reduction Program (AERP)

In 1987, to address corporate environmental responsibility for volatile organic compound (VOC) emissions, 3M voluntarily implemented an Air Emission Reduction Program (AERP) that has produced dramatic reductions of VOC emissions.

A major component of the AERP requires installation of an emission control device or other equally effective solution any time VOC emissions exceed 100 tons per year. In 2015, only two 3M locations exceeded that threshold, and both have been effective in addressing emissions in 2016. In fact, using different approaches, each achieved voluntary emission reductions exceeding the requirements of state and federal regulations.

The first is 3M Knoxville. Under the location’s Title V federal operating permit, a coating line could vent to the atmosphere. However, a 2016 engineering project re-routed emissions to the location’s existing Regenerative Thermal Oxidizer emission control unit instead of venting to the atmosphere. This change led to an 85 percent reduction in emissions from that coating line.

The second is 3M Menomonie. Although meeting the emission limits under its Title V federal operating permit, this location opted to reformulate several VOC-containing products to a water-based coating, a change that is expected to voluntarily reduce VOC emissions by 72 tons per year.

VOC by Location

- 88 percent of our locations emit less than 100 tons per year VOC
- 31 percent of our locations emit less than 1 ton per year VOC

Implementing and maintaining pollution control

3M has made significant progress in reducing air emissions—at the source, and by improving process efficiencies. Where emissions cannot be reduced within the process, 3M installs and maintains air emission control equipment as required by federal, state and local regulations. We evaluate all equipment options and select those that are the most environmentally effective and cost-effective. Technologies include Thermal Oxidization, Solvent Recovery, Carbon Adsorption, Biofiltration, Electrostatic Precipitators, Baghouses, Scrubbers and Cyclones.

Ozone Depleting Substances

The Montreal Protocol is the first worldwide agreement designed to protect human health and the environment against the adverse effects of the depletion of the stratospheric ozone layer. The Protocol identifies the list of ozone depleting substances (ODS) that are targeted for control practices, reductions, or total phase-outs and provides a phase-out schedule. In addition, some countries have established regulations regarding the management of refrigeration appliances.

3M has set forth requirements in order to provide a framework for how 3M operations are to manage their refrigeration appliances containing ODS in the context of applicable international protocols, local regulations and current and future economic impacts. These requirements include conformance to the Montreal Protocol when applicable.

Looking forward...

3M is supporting the further implementation of ISO 50001 though a collaborative effort with the Canadian, Mexican and U.S. governments. Three 3M locations in these countries have joined a North American pilot program, aiming to achieve certification through collaboration by June 2017.

3M has begun work to understand and evaluate methodologies for setting a science-based GHG emission target. One challenge is the current gap in availability of a certified or reference reduction scheme for all entities. More specifically, we have evaluated the currently available reduction methods provided by the Science Based Targets Initiative (SBTI) and determined that these may not support the operations of a large, highly diversified entity such as 3M.

Given the above circumstances, 3M is now actively working to find a science-based target approach that could be appropriately applied to a company with such a broad set of product categories and markets served. Moving forward, 3M will continue to track how the SBTI expands their standard science-based goal methodology offerings, evaluating other options that may become available for applicability to our diverse operations. We will also continue to strive toward the achievement of our four existing climate and energy related goals.
How We Work | Suppliers

Suppliers

Our Commitment

2025 Goal: Drive supply chain Sustainability through targeted raw material traceability and supplier performance assurance.

We understand that our Sustainability impacts extend beyond our own operations. By purchasing raw materials and services from small and large companies all over the world, we participate in a global, complex, supply chain. And it doesn’t stop there. Our suppliers have their own suppliers, extending back to the original source of each material we use.

At each step in the supply chain, there are benefits (like employment and community-building) as well as the potential for negative impacts (like pollution or unsafe or unfair labor practices). Our commitment is to maximize the positives and mitigate the potential negatives by aligning our supplier expectations with our own corporate values. We expect our suppliers to be transparent about their environmental and social practices, provide improvement ideas and work with us to transform our shared supply chain when needed.

Finally, we actively verify our suppliers’ performance against our expectations on a risk-prioritized basis, using our Due Diligence Management System, which is modeled after the OECD Guidelines for Multinational Enterprises.

Our Due Diligence Management System consists of the following elements, which aid with our continuous improvement efforts.
In April 2016, we updated our corporate responsibility expectations for suppliers. The 3M Supplier Responsibility Code outlines 3M’s expectations in the following areas:

- **Labor:** This section is aligned with the 3M Human Rights Policy, and includes important concepts like freely chosen employment (no forced, bonded or trafficked labor), restrictions on working age (no child labor), and appropriate working hours and wages. Among other updates, we added more details on our expectations for suppliers in the area of forced or bonded labor, such as no holding and denying access to employees’ identity documents and no requirements for workers to pay employers’ recruitment fees. Setting these expectations helps assure our suppliers’ actions will reflect 3M’s values on human rights as well as the values underlying laws such as the California Transparency in Supply Chains Act, the United Kingdom Modern Slavery Act, and the U.S. Federal Acquisition Regulations (FAR) on forced labor and human trafficking.

- **Management Systems:** We expect our suppliers to systematically conform to the 3M Code as well as all legal requirements, and to commit to continuous improvement.

The Code is based on the 3M corporate values for sustainable and responsible operations and aligns with the Ten Principles of the United Nations Global Compact, of which 3M is a signatory. Our Code is also consistent with the Electronics Industry Citizenship Coalition (EICC) Code of Conduct. In 2016, 3M’s Electronics and Energy Business Group became a member of EICC, a nonprofit group of the world’s leading electronics companies committed to improving social, ethical and environmental conditions in the global electronics supply chain. The Supplier Responsibility Code, as with our previous 3M Supply Chain Policies, establishes 3M’s expectations for new and existing suppliers anywhere in the world, and for any supplied material or service. Our new supplier vetting process includes review of the Code expectations and confirmation that their programs and practices as well as their sub-contractors involved in the supply of products and/or services conform to standards that are consistent with the 3M Supplier Responsibility Code. Our contract agreements have included expectations from our Supply Chain Policies, and they are being updated to incorporate the Code.

We expect our suppliers to establish and implement their own relevant policies and programs in alignment with this Code, and to enforce these expectations with their own suppliers, thereby propagating our high sustainability standards up our supply chains.

### Strong Policies aligned with our Values

**3M Supply Chain Due Diligence Management System**

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<td>establish strong policies and management systems</td>
<td>identify and assess risks in the supply chain</td>
<td>design and implement a strategy to respond to identified risks</td>
<td>audit supply chain due diligence</td>
<td>supply chain due diligence activities</td>
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**Additional Expectations for Higher-risk Supply Chains**

The 3M Supplier Responsibility Code represents the baseline expectations for all of our suppliers. Certain parts of our supply chains warrant additional formal expectations to drive more sustainable and responsible practices. 3M has prioritized forest products as one of those areas, due to potential environmental risks like deforestation and threats to high conservation values, potential human rights issues like infringement of Indigenous peoples’ rights, and potential unsafe labor practices. As a global paper purchaser and Sustainability leader, 3M is well-positioned to positively influence practices throughout the forest products supply chain. We adopted our current Pulp and Paper Sourcing Policy in the spring of 2015 to set standards of excellence for our suppliers and their suppliers through all tiers of supply to the forest. It’s designed to assure that the virgin wood fiber used in our paper-based products and packaging comes from sources that protect forests and respect the rights of workers and people who live in or may depend on forests for their livelihood.

Another prioritized area in our raw material supply network is in our sourcing of minerals, in particular tin, tantalum, tungsten and gold (3TG). 3M deplores the violence and human rights abuses that have occurred in the Democratic Republic of Congo and adjoining countries and is committed to supporting responsible sourcing of 3TG from the region. Accordingly, 3M has adopted a Conflict Minerals Policy, as well as 3TG-related expectations as part of our Supplier Responsibility Code. 3M expects its suppliers to adopt a similar policy and due diligence management system, and require the same of their suppliers.

3M is an active member of the Conflict-Free Sourcing Initiative (CFSI), an organization established by EICC and the Global e-Sustainability Initiative (EICC-Gesi), which develops tools and guidance for companies on conflict minerals. We encourage our suppliers and other companies to participate in CFSI, to advance the conflict-free sourcing of 3TG globally.

Our membership in CFSI and various sub-teams such as the Smelter Engagement Team (SET), Plenary Team and special activities like the Due Diligence White Paper update have provided an opportunity for 3M to offer our ideas and learn from other member companies as we all work together on this important journey.

We’re staying abreast of emerging legislation such as the European Commission’s regulation on conflict minerals, to assure that our conformance and due diligence management systems are aligned. Members of our European Government Affairs team have been closely aligned with industry and government to understand the scope, impacts and timing of the new European regulation. The team has proactively assessed potential applicability so 3M will be best prepared to implement the new rule.

**Supplier Risk Assessment & Supply Chain Transparency**

3M’s supply chain involves over 88,000 suppliers from more than 120 countries classified in 10 categories and over 200 sub-categories. The focus of our risk assessment is on goods-producing suppliers that feed into our saleable products. These suppliers represent 25 percent, or almost about 22,000, 3M tier 1 Production Materials Suppliers and Contract Manufacturers.

With such a diverse, broad global supply chain, it’s important that we assess the relative potential environmental and social risks within our supplier network, and concentrate the majority of our Due Diligence Management System actions on the higher-risk supply chains.
Responsible Sourcing of Minerals

Annually, we work with each of our businesses that purchase 3TG minerals to identify suppliers that should be prioritized for engagement. We ask these prioritized suppliers to gather information on the 3TG smelters and refiners in their supply chains and report to us through the current CFSI Conflict Minerals Reporting Template (CMRT). Our supplier requests include links to 3M’s Conflict Minerals website, which includes our Conflict Minerals Policy and 3M training on how to attach their CMRT template to 3M’s website survey tool. This website also directs suppliers to training resources available through the CFSI.

Sustainable Pulp and Paper

Our Pulp and Paper Sourcing Policy makes it clear that we want to source paper products from suppliers who share our values and are committed to protecting the world’s forests. Annually we evaluate our suppliers of pulp and paper raw materials, paper-based third-party manufactured products, and paper-based packaging to prioritize engagement with those most significant to our business, and those with the possibility of supply chain entities of higher environmental or social risk. Our engagement hinges on extensive communication and education of our suppliers on our policy expectations, and inquiries regarding our suppliers’ policies and systems to assess the Sustainability of their supplier network and conformance to our code and policy. We also expect our suppliers to disclose the entities in their supply chain, all the way to the forest source. We believe that only through transparency can we truly identify potential Sustainability risks and collaborate to raise the performance of our shared supply chains.

In 2016, 3M began using a cloud-based platform to implement our information requests via online surveys in a highly secure format. Our suppliers can provide complete supply chain information all the way to the forest sources, or they can easily forward parts of the online survey to their suppliers for completion (paper or pulp mills, for example). We are actively working with the cloud-based platform and our suppliers to make the system as effective as possible. We aim to work with suppliers and peer companies to document as much of our global paper supply chain as possible, to amplify our efforts to drive sustainable practices throughout the supply chain.

Supplier Diversity

Equal access to business opportunities is not just deserved, it’s a priority. Regional self-sufficiency is a focus area for 3M, and we recognize its importance for business reasons as well as in building connections with local communities. Although we collect data around the proportion of spending on local suppliers at our significant locations of operation, this data is business confidential.

3M has a long-standing commitment to sustainable business practices and supporting the economic success of our communities, including working with both diverse and small-business suppliers. For 3M purposes, a diverse supplier is any supplier who qualifies for one or more of the following classifications: Minority-owned business, Women-owned business, Small Business (including Small Disadvantaged, HUBZone, Women, and Veteran/Service Disabled Veteran).

3M proactively identifies diverse suppliers to procure goods and services, strongly encourages the use of diverse suppliers across our sourcing organization, and reaches out through our involvement with various organizations, including the National Minority Supplier Development Council (NMSDC), Women’s Business Enterprise National Council (WBENC), Metropolitan Economic Development Association (MEDA), Small Business Administration (SBA), and others.

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3M establishes goals and regularly tracks the dollar value of goods and services purchased from small businesses and diverse suppliers in concert with goals set annually with the U.S. Federal Government as part of our Subcontracting Plan for Federal Government contracting.

To achieve our goals, 3M has implemented a four-part strategy aimed to:

1. increase our spend with current diverse suppliers by reviewing our existing diverse suppliers by diversity category
2. identify additional diverse suppliers in our existing supply base by reviewing our top non-diverse suppliers by spend category
3. find “new-to-3M” diverse suppliers
4. further disrupt the status quo by working to move some of our tier 2 dollars to tier 1 and focusing on diverse suppliers in our request for proposal (RFP) activity

In 2016, 3M spent $1.4 billion dollars with small businesses, representing 27 percent of our total US domestic spend. We also spent $200 million dollars with diverse suppliers, which represents 3.9 percent of total US domestic spend. Our progress is routinely communicated to leadership across the organization.

We remain committed to supporting small business and diverse suppliers and their positive impact on the economic viability of communities. 3M continues to reassess elements of our approach, working across the industry to glean best practices.

More on our Supply Diversity program can be found in the Supplier Diversity section of 3M.com.

Our Actions

Responding to risks, transforming our supply chains

We are constantly managing changes in supply markets both where there is an opportunity to extract value and defensively where necessary to secure supply. As described above, we focus efforts on the salient issues in categories where human rights and environmental risks are the greatest, namely our use of certain minerals that have the potential to be sourced from conflict areas, and our use of timber-based products and other plant materials. More broadly, we conduct robust risk prioritization to determine other suppliers we will engage via an assessment against our Supplier Responsibility Code.

3M has historically used industry indices to identify higher-risk supply chains and has recently adopted the use of a data-driven software solution in conjunction with industry information and Lean Six Sigma tools to optimize and strengthen its risk management processes. The criteria matrix helps rank global suppliers, using multiple factors, to determine where assessments should be performed.

Conflict Mineral Program undergoes continuous improvements

3M’s Conflict Minerals program, now in its fourth year, has gone through continuous improvement, based on learnings from past campaigns and identifying ways to optimize and increase the effectiveness of program activities.

In 2016, a new data collection method requesting suppliers to simply attach their CMRT in 3M’s web-based survey tool, has produced increased participation and quicker responses from suppliers.

Also, in an effort to improve supplier response rates, distributor engagement, and supply chain transparency, 3M worked with CFSI on distributor-related due diligence and outreach. A survey sent to CFSI members sought insight about current situations, best practices and recommendations for obtaining necessary information from distributors. Responses to this survey will increase overall industry visibility of minerals in the complex supply chain, identify areas for additional due diligence efforts, and positively influence those areas of our supply chain.

Paper Policy implementation identifies transformation opportunities

3M depends on its suppliers to take responsibility for policy conformance, and we are impressed with the leadership many of them are demonstrating. We are motivated to retain and grow business with our most responsible and responsive suppliers.
Throughout our policy implementation, we have seen several examples of marked improvements in responsible sourcing practices as a result of our engagement with suppliers. These include:

- meeting with suppliers’ senior corporate executives on the importance of assuring responsible and sustainable supply chains, and agreeing to collaborate on that goal
- suppliers establishing new Sustainability positions within their companies
- significant increases in supply chain traceability and transparency
- increased engagement by our suppliers with their upstream supply chain

We partner with The Forest Trust, TFT, for their expertise in responsible sourcing policies and improving forest management practices across global supply chains. They help us review the information we obtain from our suppliers, and combine that with geography and industry-specific knowledge to conduct "desktop" risk assessments of our supply chains. We use these assessments to prioritize further engagement to learn more about our suppliers’ responsible sourcing and sustainable forestry practices. This deeper engagement could take the form of a series of web conferences, in-person meetings, or field assessments at the mill and/or forest level. We do not limit this engagement to our direct suppliers. In fact, as appropriate, we will work directly with tier 2 or tier 3 suppliers on policy conformance verification work, with a goal of involving our direct (tier 1) supplier(s) in these activities whenever possible. In 2016, 3M and TFT conducted two field assessments of tier 2 pulp mills in our supply chain. In both cases, a key tier 1 supplier accompanied the assessment. Read on for more information on these assessments.

Verifying our Supplier Performance

Aside from our pulp and paper supplier-specific process, our general supplier risk assessment process is applied to prioritized suppliers, which receive a self-assessment questionnaire (SAQ) based on the expectations in our Supplier Responsibility Code. The completed SAQ is reviewed by 3M personnel to determine if an on-site assessment is necessary. Assessments cover the same content as the SAQ, and may be performed by 3M team members or third party providers. If the assessment identifies gaps or findings, a Supplier Corrective Action Request (SCAR) is established to assure appropriate resolution and conformance with 3M’s requirements. If a supplier is unable to close the gap(s) within a reasonable timeframe, alternate actions are discussed with a cross-functional business team to escalate and resolve the situation.

Over 5,000 self-assessments or on-site audits of suppliers have been conducted in prioritized countries, including China, India, Korea, Malaysia, Taiwan, Thailand, Brazil, Mexico, Russia and Turkey in the past seven years.

Minerals supply chain assurance

CFSI develops standards for third party audits of smelters and refiners to validate their processes for assuring processed 3TG originates from sources that do not fund conflict or support human rights abuses in the Democratic Republic of Congo or adjoining countries. 3M was an early contributor to the CFSI Initial Audit Fund. The fund supports responsible sourcing of 3TG by providing financial assistance to smelters for first-year independent audits under the Conflict Free Smelter (CFS) Assessment Program, in order to validate conflict-free status according to CFS auditing protocols.

Paper Policy implementation on the ground

With TFT, we have conducted seven field assessments so far: three in China, one in Taiwan, one in Brazil, one in Sweden and one in Canada. Two of those assessments were of tier 2 pulp mills, which were also attended by a tier 1 supplier. 3M’s participation on supplier field assessments with TFT helps us to understand first-hand the challenges faced by pulp and paper companies and forest managers around the world. This in turn enables us to actively participate in developing solutions and pushing forward conversations about responsible sourcing and sustainable forestry.

Each assessment results in a comprehensive report detailing the supplier’s performance against our policy requirements, and action items to address any performance gaps. We expect each supplier to develop corrective action plans with reasonable timelines, and continue to collaborate with 3M on resolution of identified opportunities. More information on these assessments can be found in our Pulp and Paper Sourcing Policy progress reports (linked below).

Remote technology used to track harvesting activities

Reporting to our stakeholders

For more information on our programs, see the following disclosures or 3M Supplier Direct:

- 3M’s Form SD and Conflict Minerals Report, SEC Filings
- Pulp and Paper Sourcing Policy Progress Reports
- California Transparency in Supply Chain Disclosure
- UK Modern Slavery Act Disclosure

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Conservation philanthropy

In addition to our policy implementation, 3M continues to work with non-governmental organizations (NGOs) to advance forestry conservation and best management practices. One of our main partners in this endeavor is The Nature Conservancy (TNC). From Australia to Canada, Indonesia to the United States, 3M has supported TNC’s global conservation efforts for more than two decades; support that has helped advance the Conservancy’s work to protect critical habitats and lands around the world, including safeguarding hundreds of millions of acres of forests.

Recently, 3M committed significant initial and ongoing funds to TNC efforts in Indonesia’s East Kalimantan Province to protect nearly 80,000 square miles of a rare and biologically important rainforest. One of TNC’s most ambitious forest projects to date, the Conservancy is partnering with Indigenous communities in the area to address forest preservation, wildlife protection, species extinction, and climate change.

This project is also translating Reducing Emissions from Deforestation and Degradation (REDD+) — a mechanism that encourages the sustainable management of forests through the power of global carbon markets — into on-the-ground conservation results that protect trees and combat climate change.

Collaboration for change

3M Brazil is a signatory to The National Pact to Eradicate Slave Labor, which was established in 2005, and is now institutionalized in InPACTO— the Institute for the National Pact — a trade association focused exclusively on collaborative efforts among members, including 3M, committed to the goals of the National Pact. 3M also prioritizes its suppliers to monitor and trace their supply chain, resulting in greater synergy and impact.

Supplier of the Year Award

Our Supplier of the Year (SOY) award program seeks to recognize those elite suppliers that proactively help us succeed in accomplishing our Vision of 3M Technology Advancing Every Company, 3M Products Enhancing Every Home and 3M Innovation Improving Every Life. This year, 3M recognized 11 suppliers among thousands in its global supply base for world class performance in providing products and/or services. These suppliers were identified and rated based on strategic spend, contract compliance, actions taken to improve 3M’s relevance and overall supplier performance (quality, delivery, responsiveness, cost, technology roadmaps). 3M also presented awards to suppliers in the areas of Sustainability, Diversity and Ideation. An awards ceremony and dinner were held on September 11th and 12th at 3M’s St. Paul campus.

Supplier Ideation

3M has a process for its suppliers to submit improvement ideas that will benefit both operations from a technical, quality, responsiveness, delivery, cost, or Sustainability standpoint. Suppliers obtain access to the system, and submit their ideas which are then reviewed by the 3M category owner(s) who decide when to engage on viable projects. This has been a valuable approach for 3M to collaborate with its suppliers and continually improve its products and processes.

Looking forward...

We are actively seeking out opportunities to collaborate with peer companies, customers, suppliers and other partners to standardize supply chain Sustainability and corporate responsibility goals and toolsets. This will improve consistency and efficiencies across the value chain, resulting in greater synergy and impact.

Among other 2017 initiatives, 3M is planning to introduce a Supplier Declaration certificate that aligns with its Supplier Responsibility Code. This certificate will enable existing and potential new suppliers and their sub-contractors to confirm programs and practices they follow are consistent with 3M’s Code. This process will augment our supplier assessment program, which we will continue to strengthen and focus on salient issues in our supplier network, in alignment with our Code.

To enhance our due diligence and risk management activities in the Asia region, 3M is implementing a coordinated approach with its Supplier Responsibility Code, quality systems, cyber security and financial risk assessments, initially focused on outsource suppliers for consumer goods. The coordinated approach will streamline existing processes and provide a higher level of assurance with 3M’s expectations and risk mitigation efforts. As appropriate, this process will be replicated in other higher-risk areas.

In our prioritized minerals and pulp and paper supply chains, we will be working to further institutionalize and automate our supplier engagement and transparency efforts, so that we can apply more time and resources to transformation projects that make on-the-ground impacts.

We will continue to seek out partnerships to amplify our efforts in combatting deforestation and exploitation around the world.

In our Conflict Minerals program, we will continue to enhance our work as we refresh our due-diligence practices. We are evaluating third party providers as a way to streamline the process and leverage external expertise increasing the visibility and transparency of our supply chain. We will continue to work with suppliers, educating them on the program as well as the need for their alignment with it — with the intent of positively influencing others to support responsible sourcing practices and participate in the CFSL.

Finally, we are collaborating with providers who provide in-region education and support to Artisanal and Small-Scale Mining (ASM), to understand how we can best partner with them to make a direct impact in the DRC region. The impact could come from providing health and safety educational sessions and/or materials. Another potential tactic: a video that demonstrates success stories that come through multi-stakeholder groups working together and leveraging each other’s strengths.

Cumulative Supplier Assessments

![Cumulative Supplier Assessments](image-url)