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3M Pulp and Paper Sourcing Policy Progress Report

First report: May 2015

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Forests provide people around the world with recreation, cultural significance, health and livelihood. They are home to many species of plants and animals, their trees capture and store atmospheric carbon, and they help supply clean water. These complex ecosystems are critical resources for all living things. Thankfully, they are also a renewable resource, if used responsibly and sustainably, and using them in this way contributes to their value. Nevertheless, forests in certain parts of the world are more at risk today than at any time in human history, and we must all join together to preserve this precious resource.

At 3M, we are guided by our values; they are woven into the very fabric of our company culture. We act with uncompromising integrity. We respect our social and physical environments around the world. The [3M Pulp and Paper Sourcing Policy](#) formalizes our and our supply chain's responsibilities to comply with global regulations and further the causes of sustainable forestry and transparent, responsible supply chains.

Our Policy

As a diverse global company and sustainability leader, 3M is well-positioned to positively influence practices throughout our paper supply chain. Because we do not own or harvest forest land, we developed our Pulp and Paper Policy to set standards of excellence for our suppliers and their suppliers through all tiers of supply.

The Policy is designed to assure that the virgin wood fiber used in our paper-based products and packaging is legally harvested and traceable to the forest source. We expect our suppliers to work to assure and verify that virgin fibers are also harvested in a manner that protects:

- high carbon stock forests, to avoid deforestation;
- high conservation values such as critical habitats, intact forest landscapes, and peatlands; and
- workers' and indigenous peoples' rights.

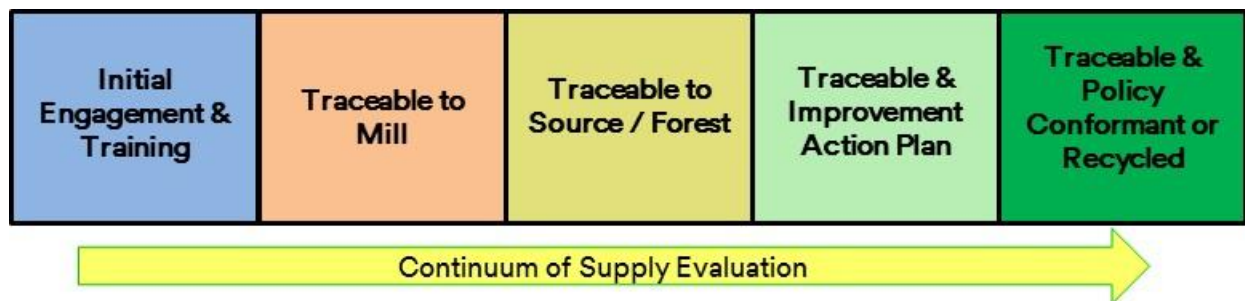
3M is committed to working with our suppliers to help them understand and apply the necessary measures to assure responsible paper sourcing and sustainable forest management.

Policy Implementation

We have established a due diligence management system approach for legal harvesting compliance and responsible sourcing of pulp and paper products, with the following elements:

- Establish strong management systems, including a Policy, internal expertise and management support, supply chain controls, and supplier engagement
- Identify & assess risks in the supply chain
- Design & implement a strategy to respond to identified risks
- Audit supply chain due diligence
- Report on supply chain due diligence activities

We are partnering with The Forest Trust (TFT), a non-profit organization with a strong track record of assisting companies on the development and implementation of responsible pulp and paper sourcing and improved forest management across global supply chains. Together, we are engaging with our suppliers, to train them on the forestry issues addressed in the Policy and support them as they trace 3M materials back through mills to the forest sources and apply their own responsible fiber sourcing programs. Through this collaboration under the framework of our Policy, we are harnessing the power of our supply chain to promote responsible sourcing and sustainability in forest management around the world.



Along with our Policy, we are providing Policy Guidance, tools and training for our suppliers. Overall, our goal is to advance the sustainability of the global pulp and paper supply chain by engaging with our current and potential new suppliers to promote performance improvements. We believe that by working together we can all improve.

Results So Far

In the past year, 3M has engaged directly with a significant portion of our suppliers on our responsible sourcing expectations.

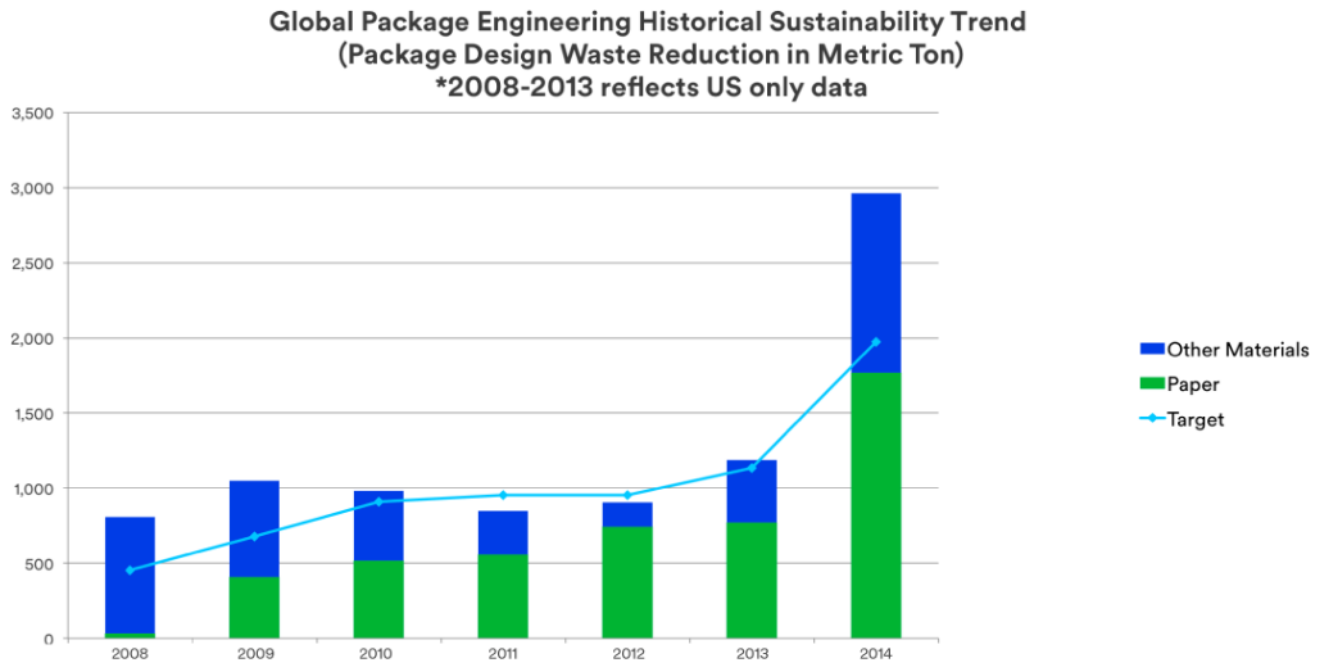
Commodity	Progress on Initial Supplier Engagement (as % of total spend)
Production Papers	94%
Packaging Suppliers	11%
Paper-Based Outsourced Manufacturing	22%

For each supplier and supplied material, we are gathering detailed information to evaluate legality, traceability, third-party certification status, and overall policy conformance. Although complex and time-consuming, this supplier inquiry process provides 3M important information about our supply chain, and helps us identify opportunities for collaboration and improvements to advance sustainable forestry.

As seen in the continuum above, through this supplier engagement we are moving from initial engagement and training, to virgin fiber traced to mills and forest sources, to policy conformance for all of our pulp and paper purchases. On at least a semi-annual basis, we will report on our progress toward this ultimate goal.

On 3M.com/suppliers, we have posted training presentations on our Policy and on global legal harvesting laws, as well as a template Due Diligence Management System document that our suppliers (or anyone) can use as a foundation for a responsible sourcing program. With TFT, we conducted a supplier training session in China. We invited several key existing and potential new suppliers from the region to learn from 3M, TFT and each other about responsible paper sourcing and sustainable forestry. We have conducted numerous individual supplier discussions on our policy in the U.S. and Europe, and will continue targeted training with existing and potential suppliers around the globe.

In addition to supply chain engagement to advance our policy, 3M continues our long-standing commitments to efficient paper and packaging use. We have reduced designed packaging weight for seven straight years, for a cumulative reduction of ~9,000 metric tons (mT). More than half of that reduction (~5,000 mT) was in paper-based packaging. Until last year, we only gathered this information in the United States but have since expanded data collection globally.



In addition to continuing this goal, we have added another global packaging goal in 2015: to increase the number of designed packages that have added or increased recycled content.

More to Come

Although built on a well-established foundation of compliance and sustainability, 3M's expanded Pulp and Paper Sourcing Policy expectations are new. Our pulp and paper supply chain is broad and deep, and policy implementation will take time. We are committed to continuous improvement, and working with our suppliers to integrate these expectations into their own policies and programs. Future progress reports, to be issued semi-annually, will include additional policy implementation metrics like traceability, certification, and overall policy conformance. We are excited to be on this endeavor of collaboration with our suppliers, customers, and other stakeholders, to drive meaningful and lasting advancements in responsible paper sourcing and sustainable forestry around the world.



Questions?

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