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3M Pulp and Paper Sourcing Policy Progress Report

May 2019

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Our Policy

3M has prioritized pulp and paper products as an area that warrants additional formal expectations because of potential environmental risks, such as deforestation and habitat loss; potential human rights issues, such as 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 Pulp and Paper Sourcing Policy in the spring of 2015 and re-published in 2018 to set standards of excellence for our suppliers and their suppliers through all tiers of supply from the forest. The 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 and its habitat.

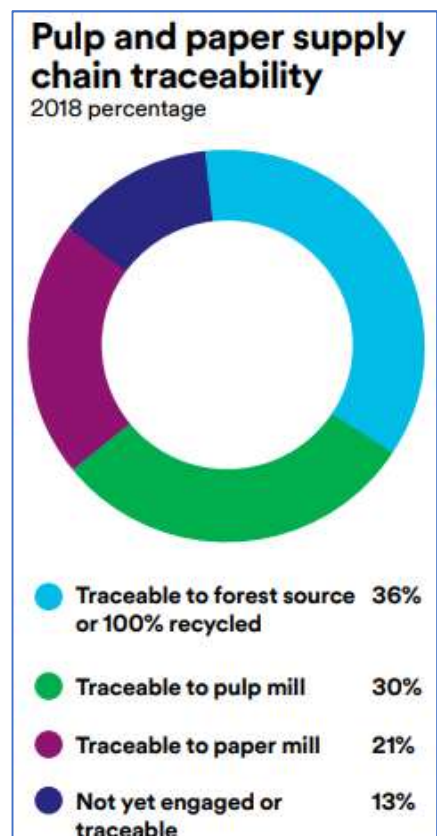
Pulp and paper policy implementation on the ground

Throughout our policy implementation, we have seen several examples of marked improvements in responsible pulp and paper 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 positions within their companies
- Significant increases in supply chain traceability and transparency
- Increased engagement by our suppliers with their upstream supply chain
- Suppliers creating their own policies or enhancing current paper and pulp sourcing policies
- Suppliers proactively reaching out to 3M with collaboration and engagement opportunities

In 2018, 3M completed our transition to a third-party cloud-based platform. This platform allows our pulp and paper suppliers to be more readily transparent in reporting their progress to us. Through this online survey process, 3M suppliers provide complete supply chain information all the way to the forest sources including identification of their paper and pulp mills. We are working with our suppliers to document as much of our global paper supply chain as possible as this data helps us amplify our efforts to mitigate risks, improve efficiencies, and drive sustainable practices throughout the supply chain. We have mapped a significant amount of our global pulp and paper supply chain (based on spend) and will continue these efforts into 2019 and beyond.

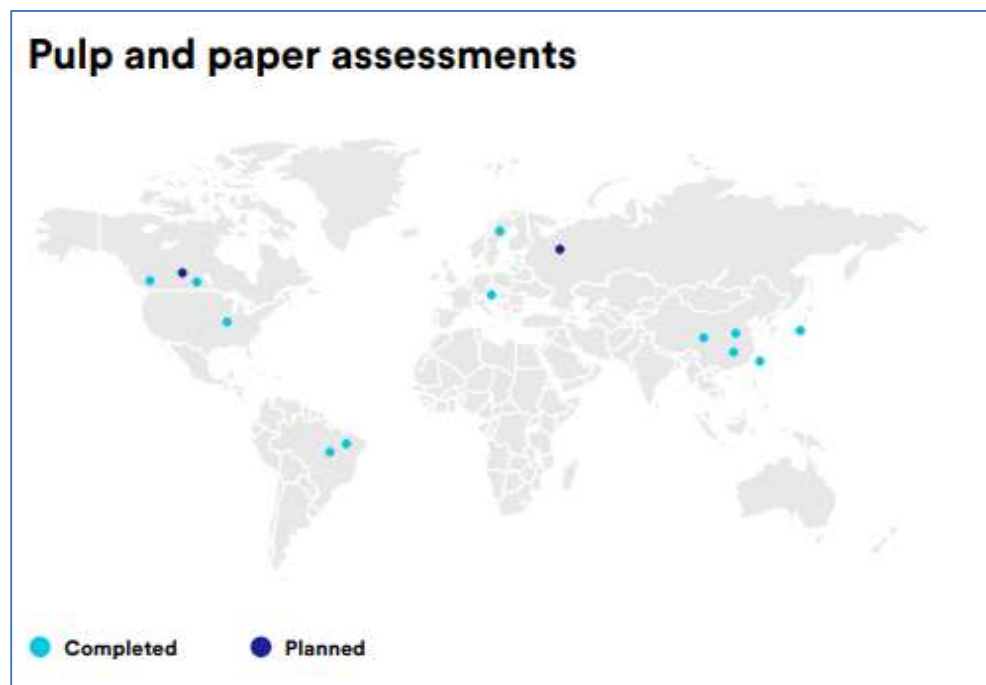
We partner with a third-party provider, Earthworm Foundation (formerly The Forest Trust), to review information obtained from our supplier surveys and combine that with geography and industry specific knowledge to conduct "desktop" risk assessments of our supply chains. We use these assessments to prioritize 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 on-the-ground field assessments at the mill and/or forest level. We do not limit this engagement to our direct suppliers. When appropriate, we work directly with indirect (Tier 2 and Tier 3) suppliers on policy



conformance verification work, with a goal of involving our direct (Tier 1) supplier(s) in these activities whenever possible. This level of engagement has led to improvements at the mill and forest level of many of our supply chains.

With the help of Earthworm Foundation, we have conducted 12 field assessments so far across all regions, covering more than 14 million hectares. Four 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 our third-party provider helps us to understand firsthand 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 advancing 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. We have additional assessments planned this year and will provide more details on the results of those in a future progress report.



3M and Earthworm Foundation are committed to working with suppliers to promote protection of high conservation values in the Canadian Great Northern Forest (boreal forest) and the ability of the forests to provide wildlife habitat, ecosystem services, and natural beauty for generations to come. This is accomplished through field assessments of supplier practices, deep engagement with forest managers and scientists, and a focus on identifying innovative management practices. To maximize the likelihood of success, these actions require collaboration with industry, indigenous peoples and local communities, with the aim of restoring balance to the relationship between people and nature.

Conservation in the Carolinas

3M helped launch the Carolinas Working Forest Conservation Collaborative (CW FCC) along with the American Forest Foundation, International Paper, and Procter & Gamble in 2017.

Through 2018, family woodland owners in the U.S. Coastal Carolinas Plain were directly engaged, new components were added to the project, such as forester trainings, and much broader partnerships were built than originally anticipated.

The Carolinas Working Forest Collaboration will accomplish:



What's Next

3M's work to advance responsible sourcing and sustainable forestry principles within our supply chain continues, through these and other priority actions:

- Advancing traceability of our supply tiers to improve visibility all the way to forest sources, enabling us to better work with our suppliers on assuring sustainable forestry practices.
- Driving performance improvements. Through desktop and onsite assessments, as well as through our Pulp & Paper Policy Scorecard Evaluation, we identify corrective actions and expect our suppliers to implement actions to advance their sustainability performance.
- Advancing transformative action, working together with other companies as appropriate, to pursue enduring sustainability improvements.
- Influencing and collaborating to amplify efforts. We will continue to network with peers, customers, NGOs and anyone else interested in advancing the values embodied in our Pulp and Paper Sourcing Policy.

Through strategic partnerships, we are continuing to increase our ability to mitigate risks and support transformation through collaboration. We will increase efforts with pulp and paper suppliers, understanding and evaluating conformance with 3M's environmental and social expectations, which will include field visits. We will continue to issue progress reports semi-annually and encourage you to check back with us on our progress.



Questions?

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