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# 3M Pulp and Paper Sourcing Policy Progress Report

November 2019



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In 2015, 3M published our [Pulp and Paper Sourcing Policy](#), which formalizes our supply chain's responsibilities to comply with global regulations and further the causes of sustainable forestry and transparent, responsible supply chains. This semi-annual report describes 3M's and our suppliers' progress on policy implementation.

### 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 manage forest land, we developed our Pulp and Paper Sourcing Policy to set standards of excellence for our suppliers and their suppliers through all tiers.

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. For more information about our policy and implementation program, we invite you to visit the Pulp and Paper Sourcing section of our [Supplier Responsibility Expectations](#) website.

### Overall Approach

3M utilizes a diverse global team of sustainability and sourcing specialists, under the direction of senior leadership, to implement our Due Diligence Management System approach. 3M also works with an implementation partner, [Earthworm Foundation](#) (formerly The Forest Trust), for their technical expertise in implementing responsible sourcing policies and improving forest management practices across global supply chains. Below is a general depiction of the supplier engagement process, which is ongoing and focused on collaboration and continuous improvement.



### Supplier Engagement

Throughout 2019, 3M continued to conduct numerous one-on-one discussions with suppliers to help build their capacities to conform with our policy expectations, including traceability to forest sources, implementing a Due Diligence Management System of their own to assure responsible fiber sourcing, and amending policies to include elements such as Free, Prior and Informed Consent (FPIC).

We continue to work with our suppliers around the world to map our global pulp and paper supply chain through supplier engagement and follow up. Suppliers provide information on

their supply chain using a multi-tier approach through an online cloud-based traceability mapping tool. As part of our Due Diligence Management System, 3M and Earthworm conduct an annual desktop risk assessment (DRA) based on our most current supply chain data. The overall purpose of the DRA is to identify social and environmental risks associated with wood fiber in 3M's current paper and packaging supply chain, and to prioritize further engagement with suppliers. Below are some examples of these types of engagements that took place in 2019.

### **The Great Northern Boreal Forest**

The Great Northern Forest is the globally significant boreal forest ecosystem that spans across parts of Canada, Sweden, Finland, and Russia. This forest gets a lot of attention because it provides crucial carbon sequestration services for the world, habitat for a number of threatened and endangered species, and is home to many Indigenous Peoples. It also accounts for a significant amount of global Intact Forest Landscapes (IFLs). For more on the High Conservation Values (HCVs) held by the boreal, see [our previous progress report](#). Parts of this vast forest are threatened by disturbance, including from harvesting for wood products. 3M is committed to sourcing pulp and paper from forest areas where High Conservation Values are protected, and the rights of Indigenous Peoples, including their right to give or withhold FPIC, is fully respected. To that end, 3M is taking action in its supply chain to address some of the responsible sourcing challenges that arise in these areas.

#### British Columbia Boreal Forest

One area with sourcing challenges related to the boreal and surrounding forests is British Columbia, Canada. HCVs in this landscape include habitat for threatened and endangered mountain caribou, IFLs, and areas important to Indigenous groups for cultural and subsistence values. There is a global movement to protect HCVs such as these by restoring Indigenous control of ancestral lands. In Canada, some Indigenous groups are working to establish provincially recognized Indigenous Protected Areas (IPAs) to formalize their ecological and cultural management of areas particularly significant to their peoples, but to which they may not hold recognized title. Restoring agency over these traditional lands to Indigenous groups is one way of honoring their long history, knowledge, and connectedness with the land. Additionally, formal, provincial recognition of the Indigenous-led ecological and cultural management of these Protected Areas is an effective way of upholding the principles of FPIC as well as maintaining multiple conservation values maintained on the landscape.



Along with our implementation partner Earthworm, as well as other Earthworm members, 3M has begun to engage a variety of stakeholders around the sourcing challenges in British Columbia and how they can collaborate to better protect Indigenous rights and other HCVs. Together, 3M, Earthworm, and Earthworm's other pulp and paper members are laying the groundwork for collaborative supply chain

transformation that supports and amplifies the movement towards establishing Indigenous Protected Areas. Through this approach 3M hopes to see persistence of HCVs on the landscape, robust implementation of FPIC, and growth of the Indigenous-led conservation movement. 3M will share more on the activities and outcomes of this work in future progress reports.

#### Field Assessment in Russia

We are also working to assess supplier practices in other parts of the boreal forest. In June 2019, 3M and Earthworm conducted a field assessment of a pulp supplier in the Russian boreal region. This assessment was conducted together with another Earthworm member that shares pulp and paper conservation values and policy considerations with 3M. The visit included touring the mill to understand how raw material is tracked, received & controlled, but was mainly focused on assessing forestry operations in order to determine the company's exposure to sourcing from Intact Forest Landscapes (IFLs) and its approach to the protection and management of IFLs within its sourcing area. The visit showed how the company is in fact pioneering a forest model that could, if scaled up, help to reduce the pressure on certain high biodiversity areas and other HCVs such as IFLs. The new "intensive" forest model favors planting commercial tree species, and periodically thinning the forests to help promote tree growth.

This is a shift away from the "extensive" forest model, in which large forest areas of up to 50 hectares are clearcut and then left to naturally regenerate. This is the standard practice in Russia as per the country's forest code, but because the forests regenerate so slowly in this northern part of the world, it means that forestry companies need to continually harvest in new areas, while the forests they've just harvested regrow (over a period of roughly 120 years). The intensive model speeds up the regeneration time to 80 years and increases the volume of wood they are able to get from a particular forest area. These two factors allow forestry companies to keep their harvests to a smaller area, and slow expansions into previously undisturbed forest areas like IFLs. This also means that they are better able to meet 3M Pulp and Paper Sourcing Policy criteria of protecting HCVs at the forest level.



*Commercial tree planting in a Russian Forest*

#### Finland Supplier Visit

During September 2019, Earthworm and 3M, with support from another Earthworm member, visited northern Finland at the invitation of – and with the participation of – a 3M Tier 2 supplier and their customer (3M Tier 1 supplier) in order to gain a deeper understanding of social and environmental issues in Finnish forestry. Although Earthworm has found that the country's forest governance is generally well regarded, there are still challenges to responsible sourcing in relation to the rights of the Sami

people, an Indigenous People whose land spans parts of Finland, as well as areas of Sweden, Norway and Russia. Some of the Sami people are reindeer herders and harvesting operations for forestry can overlap on their land, therefore inhibiting their ability to carry out their traditional practices. There are also concerns about how plans to increase mill capacity and the growing demand for wood products might increase pressure on HCV forests in the region.

3M and Earthworm engaged a number of stakeholders throughout the course of the visit to understand better the challenges they have encountered in trying to establish a dialogue and path forward around these issues. There appears to be a need for improved communication processes by the forestry sector. Additionally, as the industry expands in this area, greater exploration of HCVs and plans to mitigate impacts to them will be important.

We appreciate the openness of our suppliers to explore these issues and their efforts to address them. Although there is work to be done in this area, we consider it positive that our suppliers proactively approached us to expand our understanding about the complexities in the region. Our policy and approach to implementation relies on transparency from our suppliers, and this is an example of our policy being an effective tool to open dialogue and setting a path forward for continuous improvement. 3M will continue to stay engaged with these suppliers, and stakeholders as appropriate, to ensure that on-going progress is made to address these issues.



*Finnish forest with on the ground lichen, an important source of food for reindeer*

### **Asia Pacific (APAC) Region**

In 2019, we continued to engage with prioritized suppliers in the APAC region. As an example, at the recent APAC Sourcing Summit (Oct 28 – Nov 1, 2019), which dozens of suppliers attended, Responsible Sourcing was one of the key highlighted topics. 3M highlighted its Pulp and Paper Sourcing Policy and roadmap in internal meetings with APAC Country Sourcing Leaders to align country team priorities and business strategy, ensuring continued focus into 2020 and beyond. In addition, an APAC supplier was selected to pilot the 3M Pulp and Paper Policy Scorecard in this region (more info on this tool below). Through these engagement activities and many others, 3M continues to communicate 3M expectations to our suppliers.

### **Latin America**

In April 2019, 3M, Earthworm and another Earthworm member brought together six major Brazilian forestry companies for an intensive training course, “Free, Prior, and Informed Consent (FPIC): From Theory to Practice.” Earthworm Foundation’s Centre of Social Excellence (CSE) organized the training with the goal of enhancing these companies’ understanding of why FPIC is an important element in certification and company policies and

what it takes to robustly implement FPIC. The companies then had the opportunity to actually practice FPIC activities in the field with coaching and guidance from an FPIC expert. This training recognized that although some Brazilian forestry companies have made attempts to establish good relationships with local communities, on-going challenges remain, and new ones arise. With a better understanding of the theory behind FPIC, as well as the formal FPIC protocols, companies can significantly improve how they engage with local communities to prevent and/or resolve social conflicts.

Participants praised this training, and so to build off the initial learning, Earthworm will continue to engage the companies through coaching sessions around the actual FPIC practices that they are currently implementing. Recognizing that internalizing these complex processes to become standard procedure for a company can take time, we will continue to support this work in the future as additional trainings are conducted and support provided to these forestry companies.

### **Supplier Self-Assessments and Evaluations**

In 2016, 3M and Earthworm created a Policy Conformance Self-Assessment Tool with the purpose of having 3M tier 1 suppliers evaluate themselves against all aspects of the 3M Pulp and Paper Sourcing Policy. Since the creation of this tool, we have been partnering with our tier 1 suppliers to have them complete this self-assessment. In addition to the self-assessment, we have created and implemented a Pulp & Paper Sourcing Policy Scorecard which will allow 3M to evaluate a supplier against all aspects of the 3M Policy. We began rolling out this scorecard with certain suppliers in 2019, and ultimately completed evaluations of suppliers in each region of the world. The results of the evaluation provide 3M further insight into each suppliers' conformance status as well as highlighting opportunities of areas to focus improvement. The goal is that the evaluation results help create a path to work together to further advance the sustainability of the global pulp and paper supply chain.

Through this partnership and engagement with our suppliers, we have seen many suppliers make significant progress in developing or refining their own pulp and paper responsible sourcing programs. Here is one example from a 3M tier 1 supplier:

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*"When we decided to develop a Paper Sourcing policy, it was easy to formulate a strawman, but it was a real challenge to get to a robust and enforceable policy. 3M was instrumental in positively challenging Loparex to make sure our policy had all the requisite elements. Today we have a policy in place that we are proud to hold ourselves and our suppliers accountable to and this would not have been possible without the help of 3M." Bradford Fellows, Director of Corporate Sourcing*

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### **Leadership and Collaboration**

In the first half of the year, we participated in a multi-stakeholder workshop that Earthworm sponsored in the United States Southeast. The US Southeast is an extremely important area



when it comes to the global supply of pulp and paper products, and while there are typically good practices throughout much of the harvesting industry in this region, given its geographic scale and the forestry activity within it, an ongoing challenge remains to monitor and verify that high conservation values (HCVs) are being protected across the landscape.

To explore questions around landscape level HCV management practices, Earthworm brought together forest product companies operating in the area, as well as downstream sourcing companies and local NGOs. Throughout the course of the workshop, 3M learned not only about the concerns related to HCVs within the US Southeast landscape, but also how companies are addressing those concerns. It was an excellent opportunity for participants to share best practices and learn from one another, including ideas for addressing competing requests from downstream companies seeking to implement their respective responsible sourcing policies.

As a result of the workshop, we have a better understanding of the challenges of implementing landscape level HCV management practices, an idea of how companies are overcoming these challenges, as well as how 3M can better support its suppliers to meet our mutual goals of protecting important ecological and social values in our supply chain.

### **Conservation in the Carolinas**

In May 2017, 3M helped launch the Carolinas Working Forest Conservation Collaborative (CW FCC) along with the American Forest Foundation (AFF), International Paper and Procter & Gamble. The CW FCC facilitates our ability to educate family woodland owners in the U.S. Coastal Carolinas Plain to support sustainable forestry, conservation of bottomland hardwood forests, and the enhancement of habitat for at-risk species.

The biggest accomplishment so far has been the ability to assemble and mobilize the right local partners who have a keen sense of the challenges family forest owners are facing AND have the expertise to reach and motivate them to take forest stewardship actions to enhance habitat. Here is a summary of results and one can find more details on [AFF's website](#).



### **Impact Numbers**

- 830 acres of habitat enhanced for at-risk species, including bottomland hardwoods and longleaf pine habitat
- 11 new Tree Farms certified in North and South Carolina in 2019
- Total of 3,250 acres certified to the American Tree Farm System in 2019 across North and South Carolina.

### **Landowner Engagement**

- 216 landowners receiving site visits from professional foresters
- Directed efforts to increase forester and professional capacity - 122 resource professionals recently trained through partnership workshops
- 3 ForestHer events, focused on engaging women in forestry. These events are now being replicated in other states across the Southeast.

### **Family Forest Carbon Program**

In 2019, 3M became a proud partner of the Family Forest Carbon Program (FFCP), a new approach to climate change mitigation developed by the American Forest Foundation and The Nature Conservancy. The FFCP aims to increase the carbon storage of family-owned forestland while creating a new market and source of income for the families that dedicate time and effort to their forest management. Our support of the FFCP will help expedite family forest owner outreach and enable family forest owners to take action on their land, providing measurable carbon benefits, as well as important co-benefits that improve wildlife habitat, water quality, wildfire risk reduction and more.

### **What's Next**

We are excited to see this progress and are looking forward to continuing these developments. As we have stated since the inception of 3M's pulp and paper sourcing program, the goal is not to dictate how our suppliers conduct their businesses, or to simply avoid areas where there may be social and/or environmental risk, but instead to work with all suppliers to promote responsible sourcing and help transform the global pulp and paper supply chain. We are motivated to retain and grow business with our most responsible and responsive suppliers in this area.

3M's work to advance responsible sourcing and sustainable forestry principles within our supply chain continues, through the initiatives described above and the following additional priority actions:

- Advancing traceability of our supply tiers
- Promoting continuous supplier performance improvements
- Advancing the global supply chain through targeted on-the-ground transformations for long-lasting sustainability improvements
- Encouraging and collaborating with others to amplify efforts

We encourage you to check back with us on our progress. We are excited to be on this endeavor of responsible sourcing collaboration with our suppliers, customers, and other stakeholders, to help promote meaningful and lasting advancements in responsible paper, packaging sourcing and sustainable forestry around the world.





Questions?

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