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3M Pulp and Paper Sourcing Policy Progress Report

November 2020

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The 3M [Pulp and Paper Sourcing Policy](#) was published in 2015 to enhance 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.



Although 2020 presented challenges due to COVID 19, we were able to adjust our implementation strategy to adapt to these challenges. Where we planned to conduct on-the-ground and in-person activities, we shifted to remote and digital engagements when applicable. We learned that although some types of engagement are still ideal to conduct in-person, with strong partners and suppliers who are willing to collaborate, we were still able to make strong progress in implementing our policy this year.

Supplier Engagement

Throughout 2020, 3M continued to conduct numerous one-on-one discussions with suppliers to help build their capacities to conform with our policy expectations. We continue to work with our suppliers around the world to map our global pulp and paper supply chain from paper and pulp mills down to the forest source. As part of our Due Diligence Management System, 3M and Earthworm conducted desktop risk assessments (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. "Further engagement" could be in the form of corporate level discussions, on-the-ground field assessments or field visits, or transformation type projects. Below are some examples of these types of engagements that took place in 2020.

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 reports](#). 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 HCVs are protected, and the rights of Indigenous Peoples, including their right to give or withhold Free, Prior, and Informed Consent (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.

Since 2015, 3M has been engaging with suppliers in parts of Canada where sourcing for pulp and paper may pose risks to IFLs, HCVs like critical habitat for endangered caribou, or Indigenous Peoples' rights to give or withhold their FPIC to operations on their land. As part of our efforts to address and prevent these risks, 3M, along with Earthworm and other Earthworm member companies, have been amplifying the efforts of the Tsay Keh Dene, an Indigenous nation in Central British Columbia, to protect their land from unwanted harvesting for pulp and paper. The Tsay Keh Dene, with Earthworm's support, are leading the process of conducting HCV assessments across their territory, in order to identify and protect its most unique and critical values. These assessments will then form the foundation of agreements with industry players in the region that determine which areas might be acceptable for harvesting for pulp and paper products, and which areas must be left alone to preserve their ecological and cultural values.

3M is engaging and involving our suppliers in these conversations, as a way to accelerate transformation. It is our perspective that addressing these issues is a shared responsibility across the entire supply chain, so we, with Earthworm and its other pulp and paper members, recently hosted a supplier webinar. The focus of the webinar was to

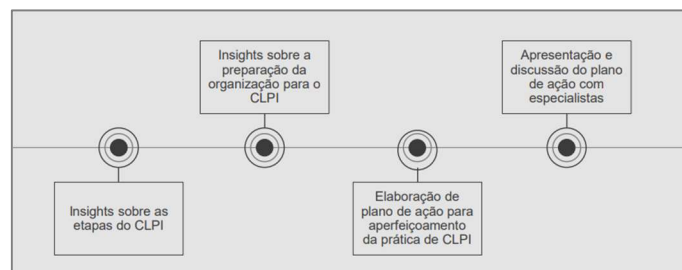


ensure our suppliers were aware of the potential issues associated with this supply chain and to involve them in the solutions. The webinar, which was held in November 2020, reached 12 3M suppliers, and is one step closer to ensuring that the Tsay Keh Dene rights to their land are respected, and that the important HCVs within the landscape are protected. The hope is that this project will also lead to replication across Canada and other regions where Indigenous communities are seeking to protect and manage the many ecological and social values on their land.

Latin America

3M has also continued to support work to build capacity around conflict prevention and mitigation techniques, including the implementation of FPIC, within the forestry sector in Brazil. In 2019, with 3M's support, Earthworm Foundation's Centre of Social Excellence (CSE) organized a hands-on, practical training for major forestry companies in Brazil that introduced the concept of FPIC and its step-by-step implementation. Based on positive feedback from the participants, Earthworm has since been able to expand the trainings around these topics and has taken the challenges associated with COVID 19 as an opportunity to trial remote training platforms that enable them to reach more participants.

In 2020, 3M's support has enabled Earthworm's second training series on FPIC to reach over 50 people from major companies and stakeholder groups in the Brazilian forestry sector. The companies represented at the training account for 3.1 million hectares of forest plantations within a



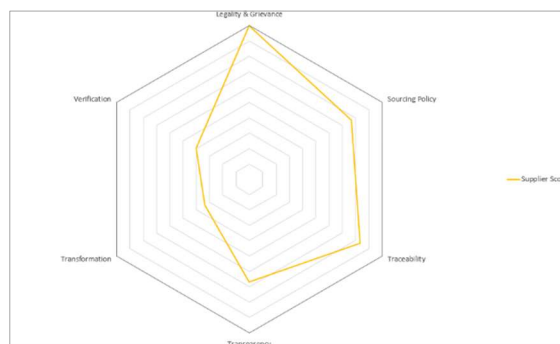
total land holding of 5.7 million hectares in Brazil, or 40% of plantation forest management in the country. With these professionals better trained in how to prevent and mitigate social conflict, the industry has a path forward to better respect the rights of Indigenous peoples and traditional communities who have been acting as stewards of forested landscapes, ethno knowledge and culture in Brazil for generations. Going forward, 3M will continue to support Earthworm as it builds deeper knowledge and stronger capacity within the industry. Earthworm is developing a CSE modular course and a collaborative knowledge development platform that will give participants the opportunity to build in-depth knowledge and practical experience implementing conflict management techniques. They will also expand their reach by partnering with the Forest Stewardship Council (FSC) and Cooperative Program for Forest Certification under the Forestry Research Institute to build capacity around how to implement FPIC in the context of FSC certification.

Quote from training attendee:

“The training was very well conducted. Instructors were experts on the topic, they illustrated theoretical lessons in a didactic, in-depth and clear way. The participation of professionals sharing experiences and perceptions on the theme was the cherry of the cake. Congratulations to all the organizers and instructors.”

Supplier Self-Assessments and Evaluations

In 2020, 3M continued to roll-out our Supplier Policy Conformance Self-Assessment across many 3M suppliers. The self-assessment allows our suppliers to evaluate themselves against all aspects of the 3M Pulp and Paper Sourcing Policy. The completed self-assessment is one of many tools that is used in 3M assessing each supplier's overall conformance of our policy and we do this through the 3M Pulp & Paper Sourcing Policy Scorecard. 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 evaluation results help create a path to work together to further advance the sustainability of the global pulp and paper supply chain.



Collaboration

Southern United States Biodiversity – Building a Biodiversity Model for Impact

This year, 3M is providing support to the American Forest Foundation (AFF) and its partners to develop a model which provides better, more measurable biodiversity impacts through targeted forest management interventions with private family landowners in the Southern US. This type of model will help companies to ensure they are investing their dollars in the right programs to receive the best outcomes in a more streamlined and cost efficient way, while also serving the needs of forest landowners—the integral link to a sustainable supply chain. With 3M's initial philanthropic investment in 2020, AFF began the work to design a product around biodiversity impact, specifically habitat improvement for at-risk and threatened species in the Southeast on family owned forests.

Sustainable Forestry and African American Land Retention Program

3M also began providing support to AFF this year on the Sustainable Forestry and African American Land Retention Project (SFLR). SFLR is a network that helps African American landowners turn their family forests into sustainable economic assets. Most African American landowners have owned their family forests for generations without realizing any significant economic value. 3M's contribution to the SFLR program has allowed the network to engage in several outreach opportunities, as well as support capacity to further build programming across their various network sites.

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. Visit the [FFCP site](#) to learn more about the program.

What's Next

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 will continue to focus on responsible sourcing and sustainable forestry principles within our supply chain through the initiatives described above and the following additional priority actions:

- 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.
- Investing in transformation projects that will enhance the global pulp and paper supply chain
- 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.

As part of its work to ensure responsible sourcing that protects High Conservation Values (HCVs), in 2021, 3M will be monitoring its forest sources in British Columbia, Canada using [Starling](#), a satellite monitoring service. Starling is the result of a collaboration between Earthworm Foundation and Airbus and allows companies to track forest cover change in their upstream supply chains, and use that information to engage suppliers and protect crucial forest areas.

AIRBUS

Airbus is a pioneer in the space industry. They are responsible for tasking their imaging satellites, pre-processing the imagery and distributing the service worldwide.

Earthworm

The Earthworm Foundation is a global non-profit organization. Their experts work between the boardroom and the field, helping to bring transformation in commodity supply chains, from the biggest brands to smaller producers.

We will continue to issue progress reports and will share more details about this work in future updates.



Questions?

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