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3M Pulp and Paper Sourcing Policy Progress Report

November 2021

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

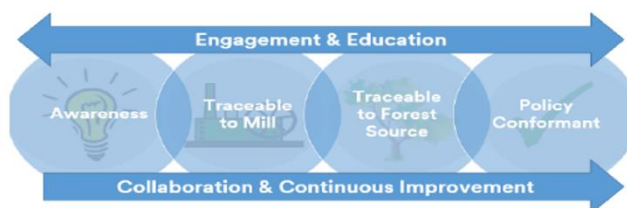
Overall Approach

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 supply chain Due Diligence Management System



3M also works with an implementation partner, [Earthworm Foundation](#) (EF and 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.



Role of forestry certifications in implementing our policy

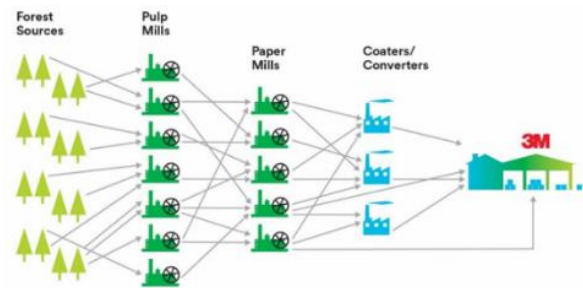
3M and EF recognize the critical need for effective forest governance and regulation, as well as independent certification. While legal and voluntary compliance approaches are necessary,

they aren't sufficient to slow, halt and reverse forest loss alone. Innovation is needed in areas as diverse as companies' sourcing commitments, new platforms for dialogue, technology applications and the creation of investment opportunities for forest protection and restoration.

Our partner, EF, seeks to innovate and foster such solutions that are complementary to or strengthen a certification and compliance approach. Their role in developing the now widely recognized High Carbon Stock Approach (HCS) was a good example of this. As supply chain demands on land, ecosystems and communities continue to intensify, capacity for innovation and responsive engagement is increasingly important for responsible sourcing. EF is looking beyond the existing frameworks to directly address the underlying challenges impacting forest and community health that are not getting resolved through compliance alone. This approach plays an important role in how we at 3M implement our Pulp & Paper Sourcing Policy.

Supply Chain Traceability

To foster the types of solutions described above, it is critical that we know our global pulp and paper supply chains. So, in 2021, we launched a supply chain traceability refresh project and are in the process of requesting updated information from our global suppliers. This information is now collected in a Software as a Solution (SaaS) cloud-based platform that has given us greater visibility into the global supply chain and the ability to analyze the data in a more clear and efficient way.



Policy implementation on the ground

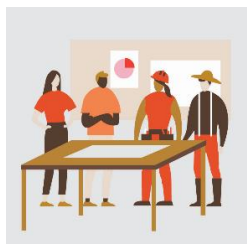
Throughout 2021, 3M continued to conduct numerous one-on-one discussions with suppliers to help build their capacities to conform with our policy expectations. As part of our Due Diligence Management System, 3M and EF conducted desktop risk assessments (DRA) based on our most current supply chain data. The purpose of the DRA is to identify and track social and environmental risks associated with wood fiber in 3M's supply chain, and to prioritize further engagement with suppliers. "Further engagement" could be in the form of corporate level discussions, supplier self-assessments, Policy Conformance Scorecards, on-the-ground field assessments or field visits, or transformation projects. Below are some examples of these types of engagements that took place in 2021.

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 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.

The Canadian Boreal Forest – supporting indigenous led conservation



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 threatened caribou, or the process of Indigenous peoples to give or withhold their free, prior, informed consent (FPIC) to operations on their land. As part of our efforts to address and prevent these risks, 3M, along with EF and other EF member companies, have been amplifying the efforts of the Tsay Keh Dene (TKD), an Indigenous nation in central British Columbia, to protect their land from unwanted

harvesting operations for pulp and paper, as well as other wood-based products.

The TKD, with EF's support, are leading the process of developing management plans and guidelines for their traditional territory. This includes protection of a core cultural area (79,220 hectares in size) in the Ingenika, helping to monitor the TKD traditional territory; and conducting an HCV assessment in the Chuyaza (Helicopter Lakes) Area (18,000 hectares) to identify and protect its most unique and critical values. The HCV assessment will then form the foundation of management plans for the area. For more information, see the Feature Story in 3M's [2021 Sustainability Report](#).

This year, 3M began monitoring its forest sources in British Columbia, Canada using [Starling](#), a satellite monitoring service. This monitoring includes areas where EF is working with the Tsay Keh Dene to identify HCVs. If Starling detects harvesting within IFLs and critical caribou habitat in the monitoring area, 3M will follow-up with suppliers that may be sourcing from the region to ensure that the identified HCVs are managed in a way in which they are either maintained or enhanced.

The European Boreal Forest: supporting sustainable forest management

In addition to the Canadian Boreal, the European boreal forest is another area that warrants additional formal expectations such as respecting the rights of indigenous people living in the forest and preserving High Conservation Value forest to protect biodiversity and trees with high carbon storage.

There are many challenges involved when it comes to protecting the sustainable sourcing of wood in the European boreal forest and no one company or organization can solve these alone. That's why we partner with organizations working on the ground and engage with forest companies and pulp and paper mills. For example, in 2019, 3M, along with our partner EF, visited Lapland in Finland and met with forest managers, our pulp and paper suppliers and other stakeholders including indigenous communities and gave all participants a platform to discuss local forestry practices. This visit helped us gain a deeper understanding of the social and environmental issues in Finnish forestry and gave us the opportunity to engage with many key stakeholders. It paved the way for a joint continuous improvement plan with all partners and we continue to actively participate in developing solutions and fostering conversations about responsible sourcing and sustainable forestry within this supply chain.

Since 2019, 3M has supported work to build capacity around conflict prevention, including the implementation of FPIC, within the forestry sector in Brazil through EF Foundation's Centre of Social Excellence (CSE). CSE has organized several hands-on, practical trainings for major forestry companies in Brazil that introduced the concept of FPIC and its step-by-step implementation. 3M's support has enabled EF's training series on FPIC to reach over 50 people from major companies and stakeholder groups in the Brazilian forestry sector.

The training is reaching a growing number of forest management companies. Companies represented at the 2020 training accounted for 40% of plantation forest management in the country. A third training series is planned for late 2021 with an updated CSE modular course and a collaborative knowledge development platform. This will allow participants to learn from practical experiences implementing social management techniques and a network of practitioners. Participation extends beyond 3M suppliers to a large group of forest companies and mills through EF's partnership with Forest Stewardship Council (FSC) and Cooperative Program for Forest Certification under the Forestry Research Institute.

In 2021, 3M also supported EF to assess Chilean forestry stakeholder perceptions of the pulp & paper sector's performance on human rights. EF consulted with public and private agencies, academia, civil society organizations, community leaders, and workers to understand their perspectives on potential solutions to the social management challenges that the industry faces. The main concerns identified by stakeholders so far include respect to indigenous peoples' land rights, questions around the positive impact of forest plantations on communities and the need for water availability for all uses.

Preliminary findings will be further investigated through a field visit to explore persisting challenges on the ground and learn from identified innovative approaches and initiatives.



Collaboration

Habitat Improvement Initiative - Southern United States

This year, 3M continued to provide support to the American Forest Foundation (AFF) on this important initiative. The initiative, led by AFF, in partnership with the US Fish & Wildlife Service, focuses on engaging family forest landowners in the conservation of at-risk and listed species in the US South. The Initiative has three goals:



- 1) Provide financial incentives and technical assistance on private lands in focused and strategic geographies to support conservation efforts for at-risk and listed species,
- 2) Increase opportunities to directly engage and build trust with private landowners actively managing their forests and contributing to a sustainable supply chain, and
- 3) Gather species population data on private lands to inform species resiliency and redundancy, as well as US federal listing recommendations and determinations.

The impact of the Habitat Improvement Initiative allows for more sustainably managed forests, more rural family landowners actively engaged in targeted forest management interventions, improved and enhanced habitat for at-risk and listed species in a critical biologically diverse region, and access to species population data to better inform science of improved management practices for at-risk species.

Sustainable Forestry and African American Land Retention Program

3M Company is proud to support the Sustainable Forestry and African American Land Retention (SFLR) Network. SFLR helps families generate income from their land, allowing land to be seen as an asset to be shared across generations while also keeping forests as forests. That's good for families and for the forests we all depend on to purify our air and water and conserve biodiversity.



SFLR promotes sustainable forestry so that families can view their land as an asset and not a liability—allowing them to maintain their deep ties to the land while promoting wealth creation and land retention. Since its inception, SFLR has improved forest management and forest retention by connecting African American landowners to established support networks. The eight anchor organizations in the SFLR Network are trusted community-based, Black led organizations with strong connections to Black families and institutions. These organizations sustain relationships of trust, assist and educate landowners, broker forestry services, and monitor landowner progress toward sustainable forest management.

We are proud to support this critical work alongside our public agency partners at the U.S. Department of Agriculture (USDA), the USDA Forest Service, the USDA National Resources Conservation Service, and state agencies. These important relationships further our collective impact and ensure that sustainable forestry can be practiced by everyone.

In addition to the collaborations highlighted in this report, 3M continues to stay engaged with many other stakeholders including peer companies, NGO's, customers, and others to continue efforts on advancing responsible and sustainable forestry and the values embodied in our Pulp and Paper Sourcing Policy.

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
- Reviewing our current Policy for changes and publishing updates
- Refreshing our Sustainable Forestry Page, including more program highlights and implementation metrics

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



Questions?

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