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3M Forest Products Sourcing Policy Progress Report

November 2022

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At 3M, we are committed to sustainable forest management and the conservation of natural resources. We recognize our responsibility to source forest products from suppliers that share these goals and are committed to providing products from sustainably managed forests. This 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 forest products supply chain. Because we do not own or manage forest land, we developed our Pulp and Paper Sourcing Policy in 2015 to set standards of excellence for our suppliers and their suppliers through all tiers of supply, and in 2022, expanded it into the [3M Forest Products Sourcing Policy](#). This policy describes our values and commitment to transparency and sustainable sourcing that goes beyond certification and compliance, to a forest positive approach.



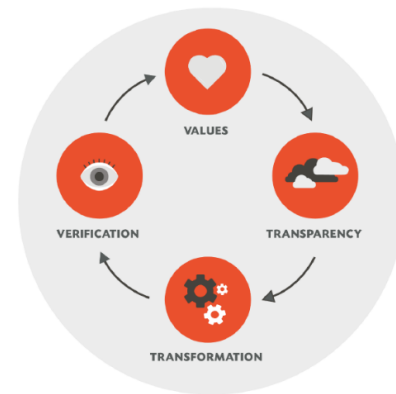
3M remains committed to working with our suppliers to help them understand and apply the necessary measures to ensure responsible sourcing and sustainable forest management. For more information about our policy and implementation program, we invite you to visit the Forest Products Sourcing section of our [Supplier Responsibility Expectations](#) website and the recently expanded [3M Sustainable Forestry Page](#).

Overall Approach

3M utilizes a diverse global team of sustainability and sourcing specialists, under the direction of senior leadership, to implement our 5 step Due Diligence Management System (DDMS) approach.



3M also works with [Earthworm Foundation](#) (EF and formerly The Forest Trust), a nonprofit organization that [partners with member companies](#) who are prepared to take bold action and demonstrate that it is possible to create economic, social and environmental benefit along their value chains. EF provides technical expertise articulating and implementing responsible sourcing policies and improving forest management practices for people and nature.



The VTTV process describes how EF works with 3M to implement our forest products sourcing

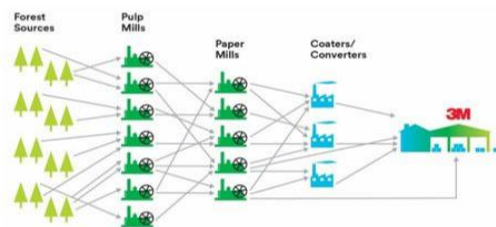
Role of forestry certifications in implementing our policy

We 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 always sufficient to slow, halt, and reverse forest loss alone. Innovation is needed in areas such 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 complement 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. 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 more expansive approach plays an important role in how we at 3M implement our Forest Products Sourcing Policy.

Supply Chain Mapping and Traceability

To foster the types of solutions described above, it is critical that we know our global forest products supply chains. 3M has been tracing our pulp and paper product supply chains since 2015, and in 2021-2022, we launched a supply chain traceability refresh project to obtain updated information from our global suppliers. This information is now collected in a SaaS cloud-based platform that has given us greater visibility into the global supply chain and the ability to assess risk and measure conformance.



Example of 3M supply chain map

Assessing Policy Conformance

We utilize several tools and processes to evaluate supplier performance and measure supply chain policy conformance including:

- Supply chain mapping
- Desktop Risk Assessments & Grievance Tracking
- Forest Products Supplier Self-Assessment
- Policy Conformance Evaluations
- Responsibly Sourced Measurement process
- Field visits to build relationships and engage in deeper landscape learning
- Field Assessments to review operations, sourcing, and opportunities to improve
- Corrective Action Plans process/documents

In 2022, we rolled out an enhanced Issue Tracker process developed by EF to further streamline information logging and raising potential grievances in our supply chain that may require more follow-up. In addition, in 2021 with EF, we developed a robust tool to assist in measuring supply chains against our responsibly sourced requirements. Training on the tool and implementation began in 2022 and will continue next year.

Policy implementation on the ground

The information gathered through the various tools and processes highlighted above feed into our risk assessments, and where we engage deeper in our supply chains to enable landscape-scale transformation. Throughout 2022, 3M continued additional follow-up and further engagement in many ways including through numerous one-on-one discussions with suppliers to help build their capacities to conform with our policy expectations, on-the-ground field assessments and field visits, and transformation projects. Below are some examples of these types of engagements that took place in 2022.

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](#).

The Canadian Boreal, partnering with Tsay Keh Dene First Nation

Since 2015, 3M has been engaging with suppliers in parts of Canada where sourcing for forest products may pose risks to IFLs, HCVs, 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 these risks, 3M, along with EF and other EF member



Tsay Keh Dene territory in the northern interior of B.C. Canada

companies, have been partnering with the Tsay Keh Dene First Nation (TKDN) in British Columbia (B.C.), Canada. The B.C. province is home to over 232,000 Indigenous people and it is here that the Tsay Keh Dene reside. Their territory spans 3.2 million hectares across the watersheds of the Ingenika, Ospika, Swannel and Finlay Rivers. For the TKD people, these forests and all life inhabiting them are not simply commodities, but sources of sustenance, culture, history and extended family. The TKD are working to sustainably manage their territory for generations to come.

In 2022, the partnership accomplished:

- completion of a High Conservation Value assessment pilot of the culturally and ecologically important Chuyaza (Helicopter Lakes) Area
- supporting TKDN's decision to establish the Ingenika Indigenous Protected and Conserved Area (IPCA). This 80,000-hectare area is of crucial significance to TKDN ecologically, culturally, and historically
- Ingenika Indigenous Protected and Conserved Area (IPCA) Event. 3M staff joined TKD Leadership, Elders and youth in a celebration of the Ingenika IPCA by camping together from July 11-14 within the IPCA. The event allowed for relationship building through sharing of TKDN cultural history, stories and ecological information about the area, as well as TKDN's vision for its future management.



*Together on TKD territory July 2022
3M Canada Sustainability- Mark Jacob
TKDN Chief - Johnny Pierre
3M Forest Products Policy leader - Kate Shelton*

Although there is still progress to be made, this partnership has enabled the TKD to work towards obtaining stronger commitments with industry to protect these important values and we are excited to see the interest and support from many groups and organizations in B.C. and beyond. For more information and background, see [this story](#) on EF's website and the Feature Story in 3M's [2021 Sustainability Report](#).

The European Boreal Forest: supporting sustainable forest management in Finland

In addition to the Canadian Boreal, the European boreal forest is another area that warrants additional focus and attention. In Finland forests are important for biodiversity and are also a source of livelihood for local residents, as well as community wellbeing. In 2022, 3M continued its partnership with wood fibre processing companies Metsä Fibre and Ahlstrom to carry out research into sustainable forestry practices in Finland.

With the help of EF, the three companies are continuing their close collaboration and field research to further develop their operations in responsible wood fibre sourcing. The partnership, which started in 2019, has mainly focused on responsible wood fibre sourcing in the value chain from forests to end products. This year, EF organized research and stakeholder interviews in Kainuu to collect a range of views on local forestry



3M & EF visiting a forest in Finland

practices to understand possible issues and development areas. Based on the results, the partners will determine what steps, if any, can be taken towards achieving a more sustainable balance between different forest values. The learnings gathered from collaborative forest visits like this help 3M to further develop our policy in areas such as respecting the rights of indigenous people who steward and utilize the forest, maintaining and enhancing HCVs, and protecting biodiversity.

Southeast United States

After bringing new commodities into the scope of our expanded policy this year, 3M began supplier outreach and engagement to better understand the sourcing and manufacturing of some of these materials and how it aligns with 3M's Policy. In October, 3M and EF visited the US Southeast to visit with suppliers and understand their source forests and potential impacts on biodiversity from harvests. The North America Coastal Plain in the US is a biodiversity hotspot with highly productive tree-growth, with over half of the area owned by small private landowners. With a goal of maintaining and/or enhancing the biodiversity of this area, as well as the livelihoods of forest landowners, 3M will continue to engage with suppliers in this area and where there are opportunities to continue to partner with EF and other organizations such as the American Forest Foundation (AFF).

Brazil

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'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.



Example training certificate

Over 200 professionals from major companies and stakeholder groups in the Brazilian forestry sector have been trained in Social Management Systems and Social License to Operate topics. The training is driving sector-wide transformation. Participation extends beyond 3M suppliers to a large group of forest companies and mills through EF's partnership with local and international forest sector organizations.

In June 2022, a follow-up Social Management System training was held to deepen knowledge on stakeholder engagement, social risk and opportunity analysis, as well as grievance mechanisms providing an overview of documents and tools to support companies in the implementation of these systems. A third training series is planned for 250 in late 2022 with a CSE modular course focused on the fundamentals of human rights due diligence.

Chile

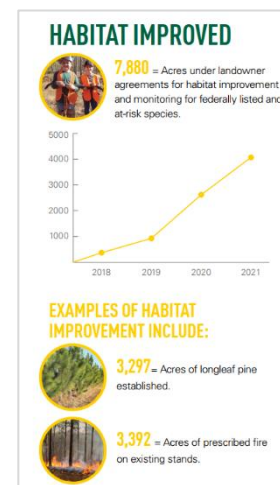
In 2022, 3M and EF traveled to Chile to further explore Chilean forestry stakeholder perceptions of the pulp & paper sector's performance on human rights. 3M also engaged with one of our suppliers in the supply chain to understand their approach to social management and conflict resolution with affected communities as part of our commitment to work with suppliers that share our values. Since 2021 and with 3M's support, EF has consulted with public and private agencies, academia, civil society organizations, community leaders, and workers in Chile to understand their perspectives on potential solutions to the social management challenges that the industry faces. The main concerns identified by stakeholders include respect to Indigenous peoples' land, conflict including intentional forest fires, questions around the positive impact of forest plantations on communities, and the need for water availability for all uses. EF is supporting 3M to identify local partners for collaboration opportunities that align with our promise to improve lives by helping solve the world's greatest challenges.

Collaboration

Habitat Improvement Initiative - Southern United States

This year, 3M continued to provide support to the 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/strategic geographies to support conservation efforts for at-risk, 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
- 3) Gather species population data on private lands to inform species resiliency and redundancy, as well as US federal listing recommendations and determinations.



2021 Progress update, credit AFF

The [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. This work is currently active in Alabama, South Carolina, SW Georgia, Florida's panhandle, central Tennessee, southeast Mississippi, western Louisiana.



2021 Progress update, credit AFF

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.



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. For more information, visit the [SFLR website](#).

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 Forest Products Sourcing Policy.

What's Next

As we have stated since the inception of our 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 forest products 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:

- Development and implementation of a 3-year strategy
- Driving supplier performance improvements, expecting our suppliers to implement actions to advance their sustainability performance
- Investing in transformation projects to enhance the global forest products supply chain
- Reviewing our current Policy for changes and publishing updates
- Continuing to publish updates and additional KPIs on policy implementation and results

We will continue to issue progress reports and will share more details about this work in future updates including through the [3M Global Impact report](#).



Questions?

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