

**3M United Kingdom Public Limited Company**  
**Annual report and financial statements**  
**For the year ended 31 December 2022**



### **3M United Kingdom Public Limited Company**

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**3M United Kingdom Public Limited Company**

**Company information**

<b>Directors</b>	A Bennett K J Parks L Hanseid L P Plaaterud
<b>Company secretary</b>	D J Ashley
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 3 Forbury Place 23 Forbury Road Reading RG1 3JH United Kingdom
<b>Registered office</b>	3M Centre Cain Road Bracknell Berkshire RG12 8HT England United Kingdom
<b>Registration number</b>	01123045

## **3M United Kingdom Public Limited Company**

### **Strategic report For the year ended 31 December 2022**

The directors present their Strategic report for the year ended 31 December 2022.

#### **Principal activities**

3M is a diversified technology Company with a presence in the following businesses: Safety and Industrial; HealthCare; Transportation and Electronics; and Consumer. 3M is among the leading manufacturers of products for many of the markets it serves with the principal activities being the manufacture and marketing of a range of coated materials and other related products and services. These products include abrasives, adhesives, cleaning materials, tapes, reflective materials, medical devices, health information systems, oral care, personal safety equipment and office stationery products.

Additionally, 3M United Kingdom Public Limited Company (the "Company") is engaged by 3M EMEA GMBH to manufacture products and to provide warehousing, handling and physical distribution services for products marketed by 3M EMEA GMBH and its affiliates. 3M EMEA GMBH also increasingly acts as a major source of supply for products manufactured elsewhere within the 3M group of companies.

#### **Fair review of the business**

##### ***Performance of the business***

During 2022, the overall turnover of the Company decreased by 9.5% (2021: increased by 4.2%) from £724,833k to £656,116k. The main reason for the reduction in turnover in three out of four businesses is primarily due to the decrease in demand of 3M products in comparison to 2021 demand conditions during the COVID-19 period (i.e. face masks and consumer products).

Gross margin is 9.1% (2021: 9.3%) which is within the range expected by the directors and consistent with the prevailing business model.

Net operating expenses in comparison to turnover remained stable at 17.8% (2021: stable 17.0% of turnover). In 2021, the Company had completed its reorganisation program and is now enjoying the productivity benefits from being a more agile company focusing on accelerating growth and improving operation effectiveness. The Company continues being part of the North Europe region which in turn brought additional productivity gains.

The operating profit for the year was £30,664k (2021: £30,672k) which represents 4.7% to sales (2021: 4.2%).

During the current year, there was an impairment charge of £1,847k and £78,410k in Mmodal Limited and Scott Health & Safety Limited respectively.

Dividends received from subsidiaries in the year amounted to £7,754k (2021: £15,000k). During the year, the Company recommended and paid a dividend of £57,754k (2021: £53,000k) to its parent company.

Pre-tax loss from continuing operations amounted to £41,185k or 6.3% of sales (2021: profit of £45,235k or 6.2% of sales).

On 1st Sep 2022, 3M Company has separated its Food Safety business and simultaneously combined it with NEOGEN. As a part of the transaction, the Company sold the assets and liabilities related to its Food Safety business in consideration of £nil, resulting in a loss on disposal of £4,738k.

##### ***Position of the business***

The Balance sheet continues to be in a sound robust position and the Company is confident that with the existing net asset position it will be able to meet liabilities as they fall due. The net assets of the Company at 31 December 2022 were £133,676k (2021: £273,041k).

**3M United Kingdom Public Limited Company**

**Strategic report (continued)  
For the year ended 31 December 2022**

**Position of the business (continued)**

The Company's key financial and other performance indicators during the year were as follows:

	Unit	2022	2021
Growth of sales	%	(9)	4
Gross margin	%	9	9
Net operating expenses % of sales	%	18	17
Operating profit margin	%	5	4

**Outlook**

The Company's continued main focus is to deliver sustainable profitable sales growth, in the growing and rooted segments in the UK. This will be achieved through organic growth in the core businesses and adjacent markets. This overall strategy has several elements:

- Expand relevance to our customers;
- Focus development of our core divisions while accelerating those divisions where we see greatest opportunity;
- Invest in Innovation, a continued commitment to our core competency of new product development with increased speed and agility in bringing these new products to market;
- Continued operational excellence, particularly in our manufacturing, supply chain and customer service operations; and
- The ongoing up-skilling of our organisation, aiming for world class standards in our technical, sales, marketing communities and support functions.

The global economy has been impacted by the military conflict between Russia and Ukraine. The U.S. and other governments have imposed export controls on certain products and financial and economic sanctions on certain industry sectors and parties in Russia, 3M group suspended operations of its subsidiaries in Russia in March 2022 and, in September 2022, committed to a plan to exit the related net assets through an intended sale of the subsidiaries. 3M also has other operations that source certain raw materials from suppliers in Russia and has experienced related supply disruption due to the conflict.

These geopolitical tensions could result in, among other things, cyberattacks, further supply chain disruptions impacting downstream customers, higher energy costs, lower consumer demand, and changes to foreign exchange rates and financial markets, any of which may adversely affect the Company's business and supply chain.

Climate change, as well as related environmental and social regulations, may negatively impact the Company or its customers and suppliers, in terms of availability and cost of natural resources, sources and supply of energy, product demand and manufacturing, and the health and well-being of individuals and communities in which we or our suppliers or customers operate.

**Principal risks and uncertainties**

The Company produces a diverse product portfolio for a wide range of markets and is thus well positioned to withstand sudden downturns in any single business area. Performance is monitored on a regular basis and appropriate actions taken.

The directors of the Company manage the group's risks at a group level, rather than an individual business unit level. Group being defined as 3M Company, with the main Head office based in Minneapolis, USA. Besides this, local United Kingdom directors and North European management manage risks more specific to the United Kingdom market and align any required actions to the global risk assessment.

## 3M United Kingdom Public Limited Company

### Strategic report (continued) For the year ended 31 December 2022

#### Section 172 statement

The way in which directors duties and responsibilities are applied is covered, in part, within the Directors' report on page 17 of these financial statements.

The following highlights how the directors have delivered against the requirements of Section 172 in the application of their duties:

#### S172(1)(A) "The likely consequences of any decision in the long term"

All decisions of the Company are aligned to our four strategic priorities, which are Portfolio Management, Transformation, Innovation, and People and Culture. All decisions of the Company are taken in line with our written policies and our Code of Conduct which, put simply, requires that all employees "Be Good, Be Honest, Be Fair, Be Loyal, Be Accurate, and Be Respectful".

#### S172(1)(B) "The interests of the Company's employees"

Employees are a key stakeholder in the operations of the Company and this is reflected in the fact that 'People and Culture' is a strategic priority, fundamental and core to promoting the Company's success. By design, one of the board members is the head of Human Resources for the Company which helps bring employee-related issues and perspectives to board decision making.

#### *Diversity, Equity and Inclusion*

As a global Company, we are diverse by our very nature, but the Company is also intentional about creating an environment that is inclusive: 3M welcomes, accepts and celebrates peoples' true selves. Transparency and accountability are hallmarks of 3M and are at the core of our first-ever global Diversity, Equity and Inclusion Report.

The North Europe region has active PRIDE, NEON (New Employee Opportunity Network), Men as Advocates and Women's Leadership Forum employee resource networks and continues to stay focused on ways to develop these areas even further. Plans for a Diverse Abilities network are in progress.

#### *Gender Pay Gap*

We prepare and publish pay data in accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

The group figures for the year ending 5 April 2022 show the following:

#### *A: Gender Pay Gap*

This data includes all permanent employees who have had no leave\* in the pay period and shows the difference between the average hourly pay\*\* of male and female employees.

- Mean Gender Pay Gap: 7 per cent (2021: 9 per cent; 2020: 9 per cent; 2019: 10 per cent)
- Median Gender Pay Gap: 4 per cent (2021: 5 per cent; 2020: 7 per cent; 2019: 8 per cent)

\* 'Leave' refers to maternity, paternity, sick leave and long-term disability

\*\* 'Hourly pay' includes base pay and, where appropriate, at risk pay, stock options, etc.

#### *B: Bonus Gender Pay Gap*

This includes all permanent employees, regardless of leave status, and shows the difference between the average bonuses\*\*\* paid to male and female employees.

- Mean Bonus Gender Pay Gap: 26 per cent (2021: 34 per cent; 2020: 20 per cent; 2019: 18 per cent)
- Median Bonus Gender Pay Gap: 24 per cent (2021: 26 per cent; 2020: 27 per cent; 2019: 28 per cent)

\*\*\* 'Bonuses' include annual incentive plans, stock options, etc.

### 3M United Kingdom Public Limited Company

Strategic report (continued)  
For the year ended 31 December 2022

#### S172(1)(B) "The interests of the Company's employees" (continued)

##### *Gender Pay Gap (continued)*

##### **C: Proportion of male and female employees receiving bonuses**

This includes all permanent employees, regardless of leave status, and shows the percentage of male and female employees that were paid a bonus in the pay period.

- Male: 41 per cent (2021: 41 per cent; 2020: 30 per cent; 2019: 28 per cent)
- Female: 44 per cent (2021: 37 per cent; 2020: 26 per cent; 2019: 23 per cent)

The above figures include stock options exercised by eligible employees. Stock options can be exercised any time over a period of 10 years. The Company has no control over when employees decide to exercise - but if they did so during the reporting period, those numbers are included in the above calculations.

We have determined that, if these were excluded from the above calculations, the Mean would have fallen to 7 per cent.

We have explored average pay by gender across all job groups and, with exercised stock options excluded, found no material difference between women and men's hourly rates.

Regarding the gap in bonuses, the number of employees exercising share options (and the value of them) has decreased overall. However, the number of females exercising their options has remained approximately the same, creating the apparent effect of closing the gap.

Encouraging more women into Science, Technology, Engineering and Maths (STEM) roles at 3M and then supporting them in their future career development is one way in which we aim to achieve greater gender balance in more senior positions.

##### **Employee communications**

A range of communications channels are used to keep employees informed of business performance, policy changes and people news, including our Company intranet, 3M Go; broadcast emails; a weekly news round-up; a monthly Core Brief - a summary of the issues on the mind of the North Europe Regional Leadership Team ("RLT"), designed for managers to discuss with their teams, in order to provide two-way communication; and MD-led quarterly online Town Hall meetings.

More emphasis has been placed on soliciting and providing feedback to employee questions during the Town Halls. In 2022, a new company Yammer channel, Community Connect, was launched for the North Europe Region, which allows all employees to share content and comment on each other's posts.

There is a globally driven programme for employees to pose questions directly to the ultimate parent company's CEO. The Company runs employee engagement surveys regularly and the RLT reviews the results so that any necessary actions can be taken.

##### **Works Councils and Employee Forums**

Each 3M site in the UK with more than 50 employees has either a Joint Working Council or an Employee Forum. One member of the RLT is responsible for bringing to the RLT issues raised at these forums for review.

##### **Employee Experience Programme**

The Employee Experience programme covers every aspect of what it is to be a 3Mer, recognising that employees are the Company's most valuable asset.

The programme has five pillars, with a senior leader appointed to champion each of the focus areas:

- Celebrating Our People
- Communicating and Listening
- Environmental, Social and Governance
- Wellbeing
- Work Your Way

### **3M United Kingdom Public Limited Company**

**Strategic report (continued)  
For the year ended 31 December 2022**

#### **S172(1)(B) "The interests of the Company's employees" (continued)**

##### ***Employee Experience Programme (continued)***

Programmes are reviewed for efficacy on a regular basis by the RLT.

##### ***Employee Assistance Programme (EAP)***

The EAP is a free and fully confidential service that is available to employees 24/7, 365 days a year. The service consists of the following key support areas:

- *Counselling services*: face-to-face or via telephone
- *Information services*: a wide-ranging, up-to-date and easily accessible telephone information service provides employees with the knowledge they need to quickly and effectively resolve work-life issues with the minimum impact on themselves or their work
- *An online employee and manager resource*: a web-based client information resource, designed to help employees with today's challenges, assist managers with their day-to-day activities and provide a chance to prepare for any major events that may arise in the future
- *Management support*: expert advice and guidance focusing on the people side of management

##### ***Work Your Way***

The COVID-19 pandemic has forever changed how we work and taught the Company that it can and needs to reimagine how 3M operates. A more flexible way of working is essential for continued growth; to attract and retain talent in an increasingly competitive environment; to enable us to be more inclusive of our global community; and to drive stronger connections that will help us to better serve our customers.

- Work Your Way, a new global philosophy that prioritises flexibility for all office-based employees and supports working differently, was formally introduced in the UK in May 2022. Employees were invited to select from three broad work options, subject to supervisor agreement that it was compatible with their role:
  - Mainly on-site - at a 3M location
  - Hybrid - blending time on-site and offsite, with the option to select 1-4 days in the office per week
  - Remote - primarily offsite

A post-implementation survey of UK employees carried out in October 2022, found that 11 per cent were working mainly on-site; 42 per cent were working a hybrid pattern; and 47 per cent remote working. Flexibility, work-life balance, a better fit with job requirements, reduced commute time, better productivity and geographical dispersal of colleagues were some of the reasons stated for the popularity of hybrid and remote working.

Employees are required to recommit to or amend their Work Your Way preference every three months.

#### **S172(1)(C) "The need to foster the Company's business relationships with suppliers, customers and others"**

##### ***Customers***

Whether it's technology, manufacturing, global capabilities or our brand, we are committed to connecting our strengths to those of our customers. Our four strategic priorities deliver value for our customers, while our innovation is based on customer and market insights, technology and a culture of collaboration and entrepreneurship.

We regularly conduct customer satisfaction surveys to understand our customers' perceptions of how we are meeting their needs. Our business leaders engage directly with customers on a regular basis to understand their particular challenges and how we may be able to help solve them.

We strive to invent products that are not only new, but useful. That is why 3M scientists work directly with customers to solve their unique challenges. In the Customer Innovation Centre at our Head Office in Bracknell, Berkshire, our customers can experience first-hand the breadth of 3M technologies and learn how they can benefit from them.

## **3M United Kingdom Public Limited Company**

**Strategic report (continued)**  
**For the year ended 31 December 2022**

**S172(1)(C) "The need to foster the Company's business relationships with suppliers, customers and others" (continued)**

### **Suppliers**

Our suppliers are an essential element of our supply chain. We have an entire function (Sourcing) devoted to our engagement with suppliers.

The 3M Supplier Responsibility Code (SRC) outlines 3M's social and environmental expectations for new and existing suppliers anywhere in the world and for any supplied material or service. The SRC is consistent with the code of conduct outlined within the Responsible Business Alliance and is based on 3M's corporate values for sustainable and responsible operations and aligns with the 10 Principles of the UN Global Compact, to which 3M is a signatory. Conformance to this Code is required to become or remain a supplier to 3M, anywhere in the world, and for any supplied material or service.

We work with our suppliers to ensure all of their activities operate in full compliance with the laws, rules and regulations of the locations in which they operate. We ask that our suppliers maintain compliant systems and can demonstrate a satisfactory record of compliance with laws and regulations in conducting their business. 3M also encourages its suppliers to go beyond legal compliance, drawing upon internationally recognised standards to advance social and environmental responsibility and business ethics. Our suppliers are also expected to manage the value chain and ensure that their subcontractors and suppliers also align to the principles within this Code.

### **Ultimate Parent**

The Company has just one member, 3M Products Limited. The Company's ultimate parent company is 3M Company which is listed on the New York Stock Exchange (MMM). The interests of 3M Company stockholders is paramount, and our parent company has an Investor Relations team which communicates regularly with stockholders to keep them informed of progress.

### **Pensioners**

The 3M Pension and Life Assurance Scheme has a Company-appointed Chair, along with senior 3M Finance, Legal and Human Resources representatives, plus two active (employee) and two retired member trustees. The trustees meet four times per year, with relevant information shared with Scheme members via a newsletter and supplemented by additional communications, as required.

### **Government**

3M is a supplier to Government, has many products regulated by Government and is impacted by Government legislation imposed on businesses. As such, the Company has a well-developed programme to understand and interpret Government policy and to make the case for changes when appropriate. The Company engages directly with central Government Departments and via trade associations.

3M is a very diverse Company and as such is a member of approximately 45 trade associations. These include macro level representative bodies like CBI and British American Business, as well as sectoral associations like TechUK, ADS and ABHI. All memberships of trade associations and standard setting organisations require pre-review and approval by the 3M Office of General Counsel through its Membership Approval Request System. All employees who participate in organisations of this type must undergo regular training on competition law risks and on avoiding conflicts of interest.

Engagement with elected officials is confined to employees within the Government Affairs function. Those staff are subject to regular compliance training and an annual audit of their activities. 3M makes no political contributions in the UK and does not employ current or former Parliamentarians or senior civil servants. The Company was rated in Band B in Transparency UK's most recent Corporate Political Engagement Index (2018) and is constantly seeking to improve.

[https://www.transparency.org.uk/sites/default/files/pdf/publications/1018\\_CPEI\\_Report\\_WEB-1.pdf](https://www.transparency.org.uk/sites/default/files/pdf/publications/1018_CPEI_Report_WEB-1.pdf)

**3M United Kingdom Public Limited Company**

**Strategic report (continued)  
For the year ended 31 December 2022**

**S172(1)(D) "The impact of the Company's operations on the community and the environment"**

**Community**

The communities in which we operate are important to the Company. Our '3Mgives' volunteering programme is focused on those communities where 3M has a presence, with a specific focus on supporting the teaching of Science, Technology, Engineering and Maths (STEM) subjects in schools.

In line with 3M's global commitment to deliver STEM equity by creating five million unique STEM and skilled trade learning experiences for under-represented individuals by the end of 2025, our emphasis is on programmes that support girls and women, minority groups and students from economically disadvantaged areas.

In 2022 we ran two successful regional STEM competitions, the 3M Young Innovators Challenges in the East Berkshire and Leicestershire/ South Nottinghamshire areas, culminating in presentation evenings attended by the Members of Parliament for Loughborough and Bracknell Forest respectively.

The Company entered into a strategic partnership with the British Science Association (BSA) and maintained our lead sponsorship of 2022 British Science Week and support for its ground-breaking #smashingstereotypes campaign, contributing profiles of 3M employees who are working to dispel the stereotypical view that many young people have of scientists and engineers.

Thanks to a \$50,000 educational grant from the global 3Mgives organisation, we delivered a STEM enrichment programme for under-represented / under-resourced young people aged 16–18-years, called GoSTEM, in partnership with the charities United Way UK and the Engineering Development Trust. Focused on locations around three of our major manufacturing sites, Atherstone, Skelmersdale and Aycliffe, the programme combined online mentoring by 3M employees, themed project work and job-readiness skills. This was supplemented by site visits to the three facilities. In total, over 2,000 STEM interactions were delivered in support of 3M's global goal.

Our active network of 3M STEM Ambassadors also visit schools as part of our outreach programmes. Activities include delivery of our 3M Visiting Wizards programme, a hands-on classroom workshop for Key Stage 2 children, on the topic of Data Collection and Analysis, and hosting of visits to our Customer Innovation Centre at Bracknell.

**Sustainability**

3M has a long-standing commitment to environmental stewardship and sustainability. We have been a consistent industry leader in addressing sustainability issues, beginning with the establishment of our Pollution Prevention Pays programme in 1975 and extending to our ambitious 2025 Sustainability Goals.

Setting and implementing global environmental policies, management systems and key performance metrics enables 3M to continually integrate and drive environmental stewardship in our business groups globally, assuring consistency and innovative environmental thinking.

The Company is committed to innovate to decarbonise industry, accelerate climate solutions and improve its environmental footprint. This commitment is part of the Science for Climate pillar of our Strategic Sustainability Framework shown below.

 **Science for Circular**

Design solutions that do more with less material, advancing a global circular economy.

 **Science for Climate**

Innovate to decarbonize industry, accelerate global climate solutions and improve our environmental footprint.

 **Science for Community**

Create a more positive world through science and inspire people to join us.

In our communities, we will continue to collaborate with key stakeholders and groups that we determine can help us maximise the effectiveness of our efforts and help drive climate solutions globally to help improve every life.

### **3M United Kingdom Public Limited Company**

#### **Strategic report (continued) For the year ended 31 December 2022**

#### **S172(1)(D) "The impact of the Company's operations on the community and the environment" (continued)**

##### ***Sustainability (continued)***

One of the biggest impacts to 3M's sustainability efforts in 2019 was the implementation of a Sustainability Value Commitment into every 3M product that enters the new product commercialisation process, meaning that each new product must help solve an environmental or social challenge. When teams determine the SVC for a new product, they consider factors such as reusability; recyclability; and energy, waste, and water savings appropriate to the specific product throughout its life cycle. Progress and impact of this commitment is measured and reported on annually.

##### ***Strategy for Managing Climate Related Risks and Opportunities***

3M's four business groups bring together common or related 3M technologies, enhancing the development of innovative products and services and providing for efficient sharing of business resources. Risks related to technology would be identified and mitigated through our New Technology Introduction (NTI) framework, New Product Introduction (NPI) process, and continuous improvement programmes.

In 2021, 3M invested \$1.99 billion in research and development to build upon our existing technologies to find innovative solutions to our customers' challenges. This unique combination of diversity and investment enables 3M to remain on the cutting edge of science while supporting our customers' future needs as the climate changes.

3M continually evaluates aspects of risk. The vice president, general auditor, consulting with the Company's senior management, annually assesses the major risks facing the Company and works with those executives responsible for managing each specific risk. The vice president, general auditor periodically reviews with the Audit Committee of the Board of Directors the major risks facing the Company and the steps management has taken to monitor and mitigate those risks. The Audit Committee of the Board of Directors meets not less than four times a year. 3M will assess climate-related risks as a part of our analysis of physical risk to our manufacturing as climate modelling advances and as acquisitions or divestitures require. 3M's Business Continuity Programme, planning processes and our Crisis Management Programme help manage risks facing the Company's physical operations, supply chains, and workforce. Programmes are reviewed at least annually.

The 3M Science, Technology & Sustainability Committee oversees the twin demands of developing products to meet the ever-changing needs of our customers while ensuring that those products cause no harm to people or to our planet. The committee's roles and responsibilities include reviewing the Company's policies and programmes on sustainability and assisting the Board in identifying and analysing significant emerging science and technology, disruptive innovations, sustainability, materials vulnerability, and geopolitical issues that may impact 3M's overall business strategy, global business continuity, and financial results. 3M's Science, Technology & Sustainability Committee of the Board of Directors meets with the frequency, and at intervals, it determines necessary to carry out its duties and responsibilities; but in any case, not less than three times a year. 3M continues to serve our customers through a wide range of innovative products that help them improve energy efficiency and reduce their greenhouse gas emissions.

Examples of our products offerings include:

- Enabling the future of automotive electrification using the entire breadth of 3M technologies to improve the electric vehicles' energy ecosystem and help make roads safer, smarter, and more connected;
- Solar radiative cooling technologies used to increase the efficiency of refrigeration and HVAC systems;
- Roofing granules that keep roofs cool and save on HVAC energy;
- Wind protection tapes that help improve turbine uptime and durability;
- Vehicle light weighting for fuel efficiency; and
- Energy-saving window films

## 3M United Kingdom Public Limited Company

Strategic report (continued)  
For the year ended 31 December 2022

S172(1)(D) "The impact of the Company's operations on the community and the environment"  
(continued)

### ***Strategy for Managing Climate Related Risks and Opportunities (continued)***

The 3M Tech Forum is a self-directed and self-organised catalyst for the 10,000-plus people in 3M's technical community and gives researchers the opportunity to compare notes with colleagues around the world, collaborate around the Company's 51 Technology Platforms, and develop new ideas that fuel the 3M innovation pipeline. 3M's Climate Chapter of Tech Forum explores the science, technology, infrastructure, human response, and public policy aspects of climate change and holds events throughout the year. In addition, the executive-level Corporate Environmental Responsibility & Sustainability Committee meets multiple times per year.

### ***Climate Related Policies & Processes***

3M depends on various components, compounds, raw materials, and energy (including oil and natural gas and their derivatives) supplied by third parties for the manufacturing of 3M products. Supplier relationships have been and could be interrupted in the future due to supplier material shortage, climate impacts, natural or other disasters, and other disruptive events, or be terminated. Risks from upstream suppliers are identified at the product level through the New Product Introduction (NPI) and continuous improvement processes. An on-site assessment of a supplier may be conducted by 3M or a third party, and any deficiencies corrected through a Supplier Responsibility Code Corrective Action Preventive Action process. 3M mitigates supply chain risks through a variety of management practices, including multi-sourcing raw materials, pre-qualifying potential outsource manufacturers, and maintaining appropriate stocks of raw materials and contingency plans with key suppliers to assure supply to 3M in the event of supply disruption.

3M's Supplier Responsibility Code outlines 3M's foundational social and environmental expectations of suppliers.

<https://multimedia.3m.com/mws/media/12045670/3m-supplier-responsibility-code-eng.pdf>

Risks from downstream product use are identified at the product level through the life cycle management (LCM) process, which evaluates the planned use and disposal of 3M products and identifies hazards and risks associated with the use and disposal of 3M products. Mitigation of these risks is highly diverse and product-specific. In addition, we complete ISO 14040-compliant LCA studies for select 3M products. These evaluations are typically cradle-to-gate in scope because the use and disposal life cycle stages of our products can vary for our customers. This provides a unique opportunity for collaboration to better understand and reduce the potential environmental impact of our products across their life cycle.

### ***Performance against Climate Related Targets***

Currently 3M reduces GHG emissions through methods such as improving the efficiency of manufacturing processes and equipment, upgrading technologies, reducing energy demand, increasing use of renewable electricity, managing our product portfolio, and implementing and maintaining emission control technologies.

As of 2021, 3M improved energy efficiency, indexed to net sales, by 14.2 per cent toward a goal of 30 per cent by 2025 (2015 baseline year). 3M has reduced Scope 1 GHG emissions by 82.3 per cent since 2002, providing a direct and immediate reduction of our carbon emissions. During this same timeframe, we achieved a 75.0 per cent reduction in absolute Scope 1 and 2 location based GHG emissions. Since 2019, 3M reduced Scope 1 GHG emissions by 26.4 per cent and achieved a 26.1 per cent reduction in absolute Scope 1 and 2 market-based GHG emissions.

In 2019, we achieved our 2025 goal by surpassing 25 per cent renewable electricity. As part of our strategic focus on empowering Science for Climate, we increased our interim target from 25 per cent to 50 per cent renewable electricity by 2025, toward our goal of 100 per cent renewable electricity globally by 2050. In 2021, we increased our renewable electricity use to 47.6%. All 3M sites actively seek alternative energy sources, including active combined heat and power, solar, wind, and other projects like utilised excess steam.

In 2021, 3M announced an expected investment of approximately \$1 billion over the next 20 years to support environmental goals including achieving carbon neutrality by 2050. Additionally, we continue to advance the speed and accuracy of our reporting capabilities for important climate-related topics like GHG emissions to help gather timely feedback and inform our decision-making.

## 3M United Kingdom Public Limited Company

Strategic report (continued)  
For the year ended 31 December 2022

### S172(1)(D) "The impact of the Company's operations on the community and the environment" (continued)

#### **Stakeholder Engagement on Climate Change**

We continually look to our stakeholders to help us increase our understanding, broaden our awareness, seek technical input and expertise, and evaluate possible collaborations and strategic relationships. We rely on their counsel and expertise to help guide us. We believe stakeholder engagement should be based on candid and authentic dialogue — grounded in 3M's Principles — and should contribute to the evolution of our strategic priorities.

Every other year starting in 2014, 3M has commissioned GlobeScan, an independent research consultancy, to assist us in better understanding our stakeholders' perspectives on key issues and assessing our corporate reputation and leadership opportunities.

3M supports the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations for helping businesses disclose climate-related financial information. We recognise the need for corporations to have an increased focus on and transparency of financial risks related to climate change. In addition, 3M is actively engaged in public policy development to address climate change concerns and remains committed to aligning with the latest findings by the Intergovernmental Panel on Climate Change (IPCC) since 2005.

For more information on 3M's environmental, social and governance strategy, performance and progress, visit the 2022 Global Impact Report.

### S172(1)(E) "The desirability of the Company maintaining a reputation for high standards of business conduct"

It is recognized by the Board that doing business the right way is key to its long term success and the Company has an Ethics & Compliance Function which helps to foster a culture of compliance.

#### **Code of Conduct**

The Code of Conduct is part of 3M's value model. Our values bind us together as 3M employees, across business groups and geographies. 3M employees worldwide are required to sign an annual affirmation that they will always operate in accordance with the Code, which summarises 3M's compliance principles and provides direction when the right choice may not be clear:

- Be Good
- Be Honest
- Be Fair
- Be Loyal
- Be Accurate
- Be Respectful

3M employees, including all managers and leaders, are responsible for knowing and following the ethical, legal and policy requirements that apply to their jobs and for reporting any suspected violations of law or the Code.

Our Code of Conduct lays out what it means to be a 3M employee and includes the 3M Respectful Workforce Principle: *"We strive to have a work environment that reflects and values the best in all of us, where we treat each other respectfully and professionally and where individual differences are valued."*

#### **Conflicts of Interest**

Employees with a potential conflict of interest are required to disclose it to their supervisor and ensure it has been recorded in the Company's Conflict of Interest Register. All actual or potential conflicts of interest require disclosure, describing the details of the conflict and the agreed control plan on how it is being managed, in line with the global Conflict of Interest Procedure.

### **3M United Kingdom Public Limited Company**

#### **Strategic report (continued) For the year ended 31 December 2022**

#### **S172(1)(E) "The desirability of the Company maintaining a reputation for high standards of business conduct" (continued)**

##### ***Conflicts of Interest (continued)***

The supervisor documents the disclosure and, if required, will work with a functional expert to review the risks and agree next actions, usually the implementation of a control plan. Potential conflicts of interest should be reported as and when they arise but, as an additional control, all employees are required to complete a Conflict of Interest statement annually.

##### ***Speak Up***

Employees must be aware of, and follow, 3M's Employee Obligations and Reporting Principle that requires them to report all suspected violations of the law or 3M's Code of Conduct to one of the following:

- their manager or supervisor
- their assigned Human Resources Manager or 3M Legal Counsel
- 3M's Ethics and Compliance Department
- 3Methics.com (an anonymous reporting tool managed by an independent third party)
- 3M's Corporate Audit Department
- the Audit Committee of the Board of Directors

##### ***Ethics and Compliance***

Ethics and compliance remain at the core of our interactions with employees, customers, business partners and communities. Our Ethics and Compliance Department brings our Code of Conduct to life to ensure that we drive a speak-up culture and do business the right way. In addition to offering online training, the Ethics and Compliance Department, in close collaboration with 3M Legal Affairs, Finance and Human Resources - provides tailored, in-person training opportunities for businesses and staff groups. Some of this training takes place as part of an annual schedule, on request or when deemed appropriate.

We have a Business Conduct Committee which meets quarterly to review compliance with the Code of Conduct and ethics and compliance initiatives. This Committee includes all the Board members.

##### ***Compliance education***

We provide training globally to ensure that all 3M employees comply with the law, 3M's Code of Conduct, supporting policies, standards and procedures, including Human Rights.

In 2022, 1,541 employees in the UK completed a combined total 9,546 online compliance courses.

##### ***The World's Most Ethical Companies®***

The World's Most Ethical Companies® programme, managed by the Ethisphere® Institute, honours companies that excel in "promoting ethical business standards and practices internally, enabling managers and employees to make good choices and shaping future industry standards by introducing tomorrow's best practices today."

2022 was the ninth consecutive year that 3M made the list.

##### ***Modern Slavery***

The Company is committed to ensuring that its supply chains are free from modern slavery, and this is expressed in its Modern Slavery Statement which was approved by the Board most recently in June 2021. A copy of this Statement is available on the Company's website.

#### **S172(1)(F) "The need to act fairly as between members of the Company"**

The Company is held directly by a single member, and has one ultimate parent company, 3M Company in the USA. The directors consider courses of action that enable delivery of our strategic priorities taking into account the impact on the 3M group of companies globally.

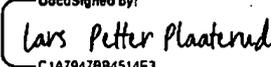
**3M United Kingdom Public Limited Company**

**Strategic report (continued)  
For the year ended 31 December 2022**

**Russia: Ukraine conflict**

Following 3M's initial suspension of business in Russia in March 2022, the group exited all operations in both Russia and Belarus during Quarter 4, 2022. The conflict has had a limited impact on UK operations.

Approved by the Board of Directors on 28 June 2023 and signed on its behalf by:

DocuSigned by:  
  
C1A7947BB4514E3  
L P Plaaterud  
Director  
Date: 29-Jun-2023 | 10:56 CEST

### **3M United Kingdom Public Limited Company**

#### **Directors' report For the year ended 31 December 2022**

The directors present their Annual report and the audited financial statements for the year ended 31 December 2022.

The Company has elected to disclose the following items within the Strategic report and therefore these disclosures have not been repeated:

#### *Stakeholder assurance*

The details of the Stakeholder assurance are included under Section 172 in the Strategic report on pages 4 - 12.

#### **Directors of the Company**

The directors of the Company who were in the office during the year and up to the date of signing the financial statements were as follows:

A Bennett  
K J Parks  
L Hanseid  
L P Plaaterud

#### **Directors' indemnities**

The Company maintains liability insurance for its directors and officers in accordance with the Articles of the Company. The Company has also provided an indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. The indemnity was in place during the financial year and at the time of approval of the financial statements.

#### **Results and dividends**

The loss for the financial year, after tax is £50,486k (2021: profit of £31,067k).

The directors recommended and paid an interim dividend of £57,754k (2021: £53,000k). Final dividends of £nil (2021: £nil) were paid in the year. The aggregate dividends on the ordinary shares recognised and received from subsidiary undertakings during the year amount to £7,754k (2021: £15,000k).

#### **Financial risk management**

The Company's operations expose it to a variety of financial risks that include the effects of changes in commodity market prices, credit risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and the related finance costs.

#### *Price risk*

On UK manufactured products the Company is exposed to commodity price risk as a result of its operations, against which the Company's Sourcing Department negotiates fixed price contracts whenever feasible. On product sourced from 3M EMEA GMBH the Company benefits from firm pricing during a given period which in turn enables more stability around customer pricing. The Company has no direct exposure to equity securities price risk as it holds no listed or other equity investments.

#### *Credit risk*

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the directors. The Customer Financial Services Department notify the directors of any concerns regarding the financial stability of customers.

## **3M United Kingdom Public Limited Company**

**Directors' report (continued)  
For the year ended 31 December 2022**

### **Financial risk management (continued)**

#### *Liquidity risk*

The Company normally obtains any necessary finance from within the 3M group where interest is charged at the LIBOR rate. From 2022 LIBOR interest rates have been replaced with SONIA interest rates. Where the directors deem it in the Company interest it is externally sourced.

#### *Interest rate risk*

The Company has both interest bearing assets and interest bearing liabilities. Interest bearing liabilities include interest on bank loans and overdrafts, while interest bearing assets include cash balances and intergroup loans, which earn interest at a variable rate.

The Company has a policy of obtaining debt finance from within the 3M group and operates a cash pooling policy on Company cash balances. This policy is considered appropriate, given the size and nature of the Company's operations. Where the directors deem it in the Company interest funding is externally sourced at a competitive interest rate.

### **Employment policy**

It is the policy of the Company that disabled people shall be considered for all job vacancies and subsequent career and promotion opportunities on the basis of their aptitudes and abilities. The Company continues to assist with the retraining and rehabilitation of staff who become disabled whilst in the Company's employment.

Additionally, it is the policy of the Company that there shall be no discrimination in any aspect of employment on the grounds of race, colour, religion, national origin, gender or marital status.

### **Employee involvement**

The Company continues to attach great importance to the quality of its communications with all employees.

Employees are provided with information about the performance of the Company through regular management briefing notes. More specific issues are communicated by means of corporate or divisional publications and videos.

Regular consultation takes place with employees concerning work methods and organisation so that their views can be taken into account in all matters which may affect their interests.

The Company encourages involvement of employees in the Company's performance by offering schemes such as General Employee Stock Purchase Plan, Management Stock Option Plan, performance related pay and annual incentive programmes.

The Modern Slavery Act Transparency Statement is published in the regulatory section on the 3M website and has been included in our Ethical Supplier Declaration and incorporated into our indirect procurement materials and processes.

### **Future developments**

3M has announced plans to spin off 3M's Health Care business, which will result in two world-class public companies: 3M (Parent Co) will remain a leading global material science innovator, serving global customers across a range of diverse and attractive end markets and the Health Care business (Spin Co) will become a dedicated global diversified health care technology leader.

This will create more opportunity for both companies. The spin-off will allow 3M to drive innovation and gain greater focus and flexibility in the investments as 3M continues to deliver growth. 3M expects the transaction will be completed by year-end 2023.

**3M United Kingdom Public Limited Company****Directors' report (continued)  
For the year ended 31 December 2022****Future developments (continued)**

In 2022, 3M's Health Care business represented £135,109k sales; hence it will be majorly impacted by the spin off.

The details of the future developments of the Company are included in the Strategic report on page 3.

**Streamlined energy and carbon reporting**

The annual quantity of emissions of carbon dioxide (CO<sub>2</sub>) equivalent resulting from the Company's activities are:

	2022	2021
	£	£
Energy consumption used to calculate emissions: /kWh gas, electricity, transport fuel and other energy sources*	70,100,000	99,100,000
Emissions from combustion of gas (Scope 1)	20,200	20,100
Emissions from combustion of fuel for transport purposes (Scope 1)	1,264	1,030
Emissions from purchased electricity (Scope 2, location -based)	9,710	11,300
Emissions from business travel in rental cars or employee -owned vehicles where company is responsible for purchasing the fuel (Scope 3)	692	294
<i>Total gross CO<sub>2</sub> emissions based on above</i>	<b>31,866</b>	<b>32,724</b>
Intensity ratio: Gross figure based from fields above/ e.g. £100k revenue	0.0486	0.0451

\*Energy consumption does not include energy used from sites with less than 3,000 square meters. GHG is calculated for sites less than 3,000 square meters using emission factors within the US Energy Information Agency's Commercial Buildings Energy Consumption Survey.

**Methodology**

Since 2002, the 3M EHS Laboratory has calculated 3M's GHG inventory in accordance with the World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) GHG Protocol Corporate Accounting and Reporting Standard. The 3M EHS Laboratory maintains an accreditation to ANSI/ISO/IEC 17025 through A2LA - a signatory to the International Laboratory Accreditation Cooperation Mutual Recognition Arrangement (ILAC MRA). Although it is not possible to put 3M's GHG inventory methodology on the lab's scope of accreditation, our calculation methodology has been improved by incorporating several quality system elements from the ANSI/ISO/IEC 17025 Standard.

**Actions taken by the Company during the year**

In the period covered by the report the Company has installed LED lighting, replaced a heating, ventilation and air conditioning (HVAC) system and upgraded building insulation.

**Going concern**

The directors have assessed the position of the Company for the next 12 months and taking into account the performance of the Company, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from when these financial statements are approved. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

**Post Balance sheet events**

There are no events that occurred after the Balance sheet date which shall require disclosure.

### **3M United Kingdom Public Limited Company**

#### **Directors' report (continued) For the year ended 31 December 2022**

##### **Research and development**

Research and development costs during the year were £19,440k (2021: £21,880k).

There is a strong thread that connects our four business groups to the vast amount of science we do and the hundreds of scientists, researchers and Application Engineers we have based in the United Kingdom - it's our research and development teams. Research and development is the heartbeat of the Company. We make significant investments in our research and development teams creating the science that makes the Company strong. That investment helps produce intellectual property in the form of patents and a steady stream of unique products for customers. The Company owns technology platforms, which range from adhesives and abrasives, to ceramics and nanotechnology many of which are developed and commercialised in the United Kingdom.

##### **Creditor payment policy**

The Company's policy is to:

- (a) settle the terms of payment with those suppliers when agreeing the terms of each transaction;
- (b) ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- (c) pay in accordance with its contractual and other legal obligations.

The payment policy applies to all payments to creditors for revenue and capital supplies of goods and services without exception.

The Company's average creditor payment period at 31 December 2022 was 66 days (2021: 52 days).

##### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

**3M United Kingdom Public Limited Company**

**Directors' report (continued)**  
**For the year ended 31 December 2022**

**Directors' confirmations**

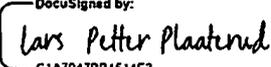
In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Reappointment of auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Approved by the Board of Directors on 28 June 2023 and signed on its behalf by:

DocuSigned by:  
  
C1A7947BB4514E3

L P Plaaterud  
Director

Date: 29-Jun-2023 | 10:56 CEST

## **3M United Kingdom Public Limited Company**

### **Corporate governance statement For the year ended 31 December 2022**

#### **Introduction**

For the year ended 31 December 2022, under The Companies (Miscellaneous Reporting) Regulations 2018, the Company has applied the Wates Corporate Governance Principles for Large Private Companies (published by the Financial Reporting Council in December 2018).

This report sets out below how the Principles have been applied during 2022 across the Company and its active subsidiary undertakings.

#### **Principle 1 - Purpose and Leadership**

3M's purpose is clear and applies to all 3M companies globally; unlocking the power of people, ideas and science to reimagine what's possible. Our purpose is underpinned by our promise of improving lives by helping solve the world's greatest challenges. Our Company has laid out four strategic priorities, namely portfolio management, transformation, innovation, and our people and culture. We seek to execute these in line with a clear set of values that are clearly communicated across the Company.

#### **Principle 2 - Board Composition**

The appointment of board members is governed by the Company's Articles of Association. The board is represented by our Managing Director together with Functional Leaders from each of our Finance, HR and Manufacturing/Supply Chain organisations. Together, the board members bring a diverse and balanced skill set and have strong oversight of the operations of the Company. The duties of the board are executed partially through committees.

The Regional Leadership Team ("RLT", which is led by the Managing Director and comprises of the other Company directors, as well as other leaders in the Company, representing each of the Company's four lines of business and other key functions) is the committee through which most operational decisions are made. The RLT generally met monthly in a virtual capacity during 2022.

The Business Conduct Committee oversees compliance and includes all members of the board. It meets quarterly.

#### **Principle 3 - Director Responsibilities**

The board and individual directors have a clear understanding of their accountabilities and responsibilities. Briefings to our board members to reinforce these are provided from time to time, as well as when a new director joins the board. Whilst board oversight is always maintained, key decisions are often made by the individuals and committees with the most appropriate knowledge and industry experience, most notably the RLT.

The Company has in place a comprehensive set of policies, practices and a Code of Conduct that govern the internal affairs of the Company which are easily available in one central online location to all employees. Each of the directors is a 3M employee and as such, is required to comply with those policies and the Code of Conduct, and to follow those practices.

Measurements are in place for all directors and committee members to declare any potential conflicts of interests. These declarations are collated by our Ethics & Compliance leader. Where there are conflicts, appropriate safeguards are implemented.

### **3M United Kingdom Public Limited Company**

#### **Corporate governance statement (continued) For the year ended 31 December 2022**

##### **Principle 4 - Opportunity and Risk**

The Company seeks out opportunities whilst mitigating risks. Opportunities are managed and collated through internal business review processes and driven largely by each of the four lines of business.

The Company has a strong internal control framework with clearly defined roles and responsibilities for those involved. We have functions which represent Ethics and Compliance, Finance, Legal, Sourcing, HR, Communications, Environmental Health & Safety, IT and Audit which, together, help to identify, monitor and mitigate a broad range of risks to which the organisation might be exposed.

##### **Principle 5 - Remuneration**

Directors do not receive additional remuneration to what they would otherwise receive as employees of the Company. We have a global process for setting employee remuneration using external consultants to assess our pay position against the market. This is managed through 'benchmark' job profiles which enable like for like role comparisons to be made using the external consultants to match our roles against their equivalents with other companies. This is a global process but always aligned to local market data.

##### **Principle 6 - Stakeholder Relationships and Engagement**

Dialogue and engagement with stakeholders, including the ultimate parent company, workforce, customers, suppliers, pensioners, Government and the communities where we have a physical presence are very important, and the potential impact on those groups of any decisions the Company may make is assessed and understood.

More information on how effective engagement is undertaken by the Company with each of these stakeholders is included in our Section 172 statement.

# Independent auditors' report to the members of 3M United Kingdom Public Limited Company

## Report on the audit of the financial statements

### Opinion

In our opinion, 3M United Kingdom Public Limited Company's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2022; the Profit and loss account, the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment laws and health and safety regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have

a direct impact on the financial statements such as Companies Act 2006 and UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the manipulation of results by management through fictitious journal postings to achieve performance targets. Audit procedures performed by the engagement team included:

- Enquiry of management, those charged with governance and the in-house legal team around actual and potential litigation and claims;
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing minutes of meeting of those charged with governance;
- Evaluated management's controls designed to prevent and detect irregularities;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations that represent a risk of material misstatement due to fraud; and
- Testing accounting estimates for evidence of management bias.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Fiona Hornsby (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading  
29 June 2023

**3M United Kingdom Public Limited Company****Profit and loss account  
For the year ended 31 December 2022**

	Note	Continuing operations 2022 £000	Discontinued operations 2022 £000	Total 2022 £000	Continuing operations 2021 £000	Discontinued operations 2021 £000	Total 2021 £000
Turnover	5	644,627	11,489	656,116	708,799	16,034	724,833
Cost of sales		(587,883)	(8,282)	(596,165)	(644,596)	(12,932)	(657,528)
<b>Gross profit</b>		<b>56,744</b>	<b>3,207</b>	<b>59,951</b>	<b>64,203</b>	<b>3,102</b>	<b>67,305</b>
Distribution costs		(80,071)	(367)	(80,438)	(80,113)	(504)	(80,617)
Administrative expenses		(36,441)	33	(36,408)	(42,616)	(105)	(42,721)
Other operating income	6	87,542	17	87,559	86,651	54	86,705
<b>Operating profit</b>	7	<b>27,774</b>	<b>2,890</b>	<b>30,664</b>	<b>28,125</b>	<b>2,547</b>	<b>30,672</b>
Interest receivable and similar income	11	12,583	-	12,583	18,285	-	18,285
Interest payable and similar expenses	12	(1,285)	-	(1,285)	(1,175)	-	(1,175)
Loss on disposal of operations	14	-	(4,738)	(4,738)	-	-	-
Impairment of investments	17	(80,257)	-	(80,257)	-	-	-
<b>(Loss)/profit before taxation</b>		<b>(41,185)</b>	<b>(1,848)</b>	<b>(43,033)</b>	<b>45,235</b>	<b>2,547</b>	<b>47,782</b>
Tax on (loss)/profit	13	(7,453)	-	(7,453)	(16,715)	-	(16,715)
<b>(Loss)/profit for the financial year</b>		<b>(48,638)</b>	<b>(1,848)</b>	<b>(50,486)</b>	<b>28,520</b>	<b>2,547</b>	<b>31,067</b>

The notes on pages 29 to 59 form part of these financial statements.

**3M United Kingdom Public Limited Company****Statement of comprehensive income  
For the year ended 31 December 2022**

	Note	2022 £000	2021 £000
(Loss)/profit for the financial year		(50,486)	31,067
Remeasurement losses on defined benefit pension schemes before tax	18	(44,548)	(14,513)
Deferred tax income relating to defined benefit pension scheme	13	11,137	267
Other comprehensive expense for the year		(33,411)	(14,246)
Total comprehensive (expense)/income for the year		(83,897)	16,821

The notes on pages 29 to 59 form part of these financial statements.

**3M United Kingdom Public Limited Company**  
**Registration number: 01123045**

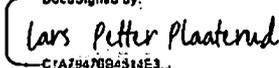
**Balance sheet**  
**As at 31 December 2022**

	Note	2022 £000	2021 £000
<b>Fixed assets</b>			
Goodwill	15	215	2,144
Negative goodwill	15	(3,380)	(3,380)
		<u>(3,165)</u>	<u>(1,236)</u>
Other intangible assets	15	3,059	2,033
Tangible Assets	16	72,647	79,263
Investments	17	191,739	268,620
Post employment benefits	18	98,851	151,077
		<u>363,131</u>	<u>499,757</u>
<b>Current assets</b>			
Inventories	19	35,690	38,095
Debtors: amounts falling due within one year	20	308,874	327,165
Cash at bank and in hand	21	6,300	5,469
		<u>350,864</u>	<u>370,729</u>
Creditors: amounts falling due within one year	22	(544,500)	(545,551)
Provisions for liabilities	23	(5,406)	-
		<u>(199,042)</u>	<u>(174,822)</u>
<b>Net current liabilities</b>			
		<u>164,089</u>	<u>324,935</u>
<b>Total assets less current liabilities</b>			
Creditors: amounts falling due after more than one year	22	(1,880)	(5,667)
Provisions for liabilities	23	(28,533)	(46,227)
		<u>133,676</u>	<u>273,041</u>
<b>Net assets</b>			
<b>Capital and reserves</b>			
Called up share capital	24	20,595	20,595
Share premium account		73,477	73,477
Contribution to capital		49,733	49,733
Profit and loss account		(10,129)	129,236
		<u>133,676</u>	<u>273,041</u>
<b>Total equity</b>			
		<u><u>133,676</u></u>	<u><u>273,041</u></u>

**3M United Kingdom Public Limited Company**  
**Registration number: 01123045**

**Balance sheet (continued)**  
**As at 31 December 2022**

The financial statements on pages 24 to 59 were approved by the Board of Directors on 28 June 2023 and were signed on its behalf by:

DocuSigned by:  
  
C1A7B470B4314E3  
L P Plaaterud  
Director

Date: 29-Jun-2023 10:56 CEST

The notes on pages 29 to 59 form part of these financial statements.

**3M United Kingdom Public Limited Company****Statement of changes in equity  
For the year ended 31 December 2022**

	Called up share capital £000	Share premium account £000	Contribution to capital £000	Profit and loss account £000	Total equity £000
At 1 January 2021	20,595	73,477	49,733	163,339	307,144
Profit for the year	-	-	-	31,067	31,067
Other comprehensive expense	-	-	-	(14,246)	(14,246)
Total comprehensive income	-	-	-	16,821	16,821
Dividends (note 26)	-	-	-	(53,000)	(53,000)
Credit for equity settled share based payments	-	-	-	2,076	2,076
Total transactions with owners, recognised directly in equity	-	-	-	(50,924)	(50,924)
At 31 December 2021 and 1 January 2022	20,595	73,477	49,733	129,236	273,041
Loss for the year	-	-	-	(50,486)	(50,486)
Other comprehensive expense	-	-	-	(33,411)	(33,411)
Total comprehensive expense	-	-	-	(83,897)	(83,897)
Dividends (note 26)	-	-	-	(57,754)	(57,754)
Credit for equity settled share based payments (note 25)	-	-	-	2,286	2,286
Total transactions with owners, recognised directly in equity	-	-	-	(55,468)	(55,468)
At 31 December 2022	20,595	73,477	49,733	(10,129)	133,676

A contribution of £8,000k to the Company's permanent capital was made during 1985 by 3M UK Holdings Limited. The Company has stated its intention not to withdraw this capital, which is intended to rank equally with equity share capital and has thus been included as part of equity shareholders' funds.

During 2013, 88.14% of the shares of a fellow subsidiary, 3M Health Care Limited, were transferred by way of a contribution to the Company of £41,700k. Following the transfer the Company owns 100% of the shares of 3M Health Care Limited. This transfer was part of the restructuring intended to simplify the Company structure across UK companies.

The notes on pages 29 to 59 form part of these financial statements.

## **3M United Kingdom Public Limited Company**

### **Notes to the financial statements For the year ended 31 December 2022**

#### **1. General information**

3M United Kingdom Public Limited Company manufactures and markets a range of coated materials and other related products and services. These include abrasives, adhesives, cleaning materials, tapes, reflective materials, security documents, personal safety and office stationery products.

The Company is a public limited company limited by share capital, incorporated and domiciled in England, United Kingdom.

The address of its registered office is:  
3M Centre, Cain Road, Bracknell, Berkshire, RG12 8HT, England, United Kingdom.

#### **2. Statement of compliance**

The individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

#### **3. Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Basis of preparation**

These financial statements have been prepared under the going concern basis, using the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The financial statements are presented in Pounds Sterling ("£"), which is the presentation currency of the Company. Monetary amounts in these financial statements are rounded to the nearest thousands ("£ 000"), unless otherwise stated.

##### **Going concern**

The directors have assessed the position of the Company for the next 12 months and taking into account the performance of the Company, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from when these financial statements are approved. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

## 3M United Kingdom Public Limited Company

### Notes to the financial statements (continued) For the year ended 31 December 2022

#### 3. Accounting policies (continued)

##### Summary of disclosure exemptions

The Company has taken advantage of the following exemptions on the basis that it is a qualifying entity and the disclosures are included in the consolidated financial statements of its ultimate parent 3M Company which are publicly available (note 29):

- from preparing a statement of cash flows;
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29;
- from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the year as required by paragraph 4.12(a)(iv) of FRS 102;
- from the requirements of FRS 102 paras 26.18(b), 26.19, 26.21, 26.23 on the basis that the share based payments are related to equity instruments in the ultimate parent 3M Company and the equivalent disclosures are included in the consolidated financial statements of the 3M Company in which the Company is consolidated; and
- from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

##### Consolidated financial statement

The Company is a wholly owned subsidiary of 3M Holdings Limited and of its ultimate parent 3M Company. It is included in the full consolidation of the financial statements of its ultimate parent, 3M Company (note 29). In accordance with the provisions of section 400 of the Companies Act 2006, group financial statements have not been prepared, and so these financial statements present the results of the Company only.

##### Foreign currency transactions and balances

Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the Balance sheet date. All foreign exchange differences are taken to the Profit and loss account in the year in which they arise.

##### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Company and value added taxes. The Company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the Company's sales channels have been met, as described below.

Revenue is recognised on delivery of the product or service or once all risks and rewards have passed to the customer. Maintenance income is deferred to the future periods to which it relates.

Sales of software licenses are predominantly generated by the Safety and Graphics Business Group and Health Information Systems Division. When the fees for software upgrades and enhancements, maintenance, consulting and training are bundled with the license fee, they are unbundled using the Company's objective evidence of the fair value of the elements represented by the Company's customary pricing for each element in separate transactions. If evidence of fair value exists for all undelivered elements and there is no such evidence of fair value established for delivered elements, turnover is first allocated to the elements where fair value has been established and the residual amount is allocated to the delivered elements. If evidence of fair value for any undelivered element of the arrangement does not exist all revenue from the arrangement is deferred until such time that evidence of fair value exists or undelivered elements of the arrangement are delivered.

### 3M United Kingdom Public Limited Company

#### Notes to the financial statements (continued) For the year ended 31 December 2022

#### 3. Accounting policies (continued)

##### Revenue recognition (continued)

If the arrangement includes acceptance criteria, turnover is not recognised until the Company can objectively demonstrate that the software or service can meet the acceptance criteria, or the acceptance period lapses, whichever is earlier.

The Company acts as a contract manufacturer to 3M EMEA GMBH and also makes sales to third party customers. This results in certain products which are manufactured in the UK and sold to 3M EMEA GMBH and then subsequently repurchased before being sold to third parties. The quantum of these sales are separately disclosed in note 5. In both sales transactions the Company has acted as Principal in the transaction, as the Company has retained the significant risks and benefits associated with each transaction, and in accordance with UK GAAP the total sales reported includes the gross value of both transactions.

##### Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

##### *Defined benefit pension obligation*

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The asset / liability recognised in the Balance sheet in respect of the defined benefit plan is the fair value of the plan assets at the reporting date less the present value of the defined benefit obligation at the end of the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises: (a) the increase in pension benefit liability arising from employee service during the period; and (b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in Profit or loss account as 'Finance expense'.

### 3M United Kingdom Public Limited Company

#### Notes to the financial statements (continued) For the year ended 31 December 2022

#### 3. Accounting policies (continued)

##### Employee benefits (continued)

###### *Defined contribution pension obligation*

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

###### *Annual bonus plan*

The Company operates an annual bonus plan for employees. An expense is recognised in the Profit and loss account when the Company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

##### Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

###### *(i) Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

###### *(ii) Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

##### Intangible assets

Customer relationship is stated at cost less accumulated amortisation. Customer relationship is amortised over its estimated useful life of 3 years, on a straight line basis.

Goodwill represents the excess of the fair value of the consideration given over the fair value of identifiable net assets acquired. Goodwill arising on acquisitions has been capitalised and is being amortised through the Profit and loss account on a straight-line basis over its estimated economic life, usually ten years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised.

### 3M United Kingdom Public Limited Company

#### Notes to the financial statements (continued) For the year ended 31 December 2022

#### 3. Accounting policies (continued)

##### Intangible assets (continued)

Where the cost of the business combination exceeds the fair value of the Company's interest in the assets, liabilities and contingent liabilities acquired, negative goodwill arises. The Company, after consideration of the assets, liabilities and contingent liabilities acquired and the cost of the combination, recognises negative goodwill on the Balance sheet and releases this to Profit and loss account, up to the fair value of non-monetary assets acquired, over the periods in which the non-monetary assets are recovered and any excess over the fair value of non-monetary assets in the income statement over the period expected to benefit.

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of between three and five years, on a straight-line basis.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

##### Tangible assets

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

##### Depreciation

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting year. The effect of any change is accounted for prospectively.

Assets in the course of construction are stated at cost. These assets are not depreciated until it is available for use.

Depreciation is not provided in respect of freehold land. Depreciation on other assets is calculated, using the straight-line method, to allocate the cost to their residual values over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and buildings	10-50 years
Plant and machinery	5-10 years

##### Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating(losses)/gains'.

##### Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

### 3M United Kingdom Public Limited Company

#### Notes to the financial statements (continued) For the year ended 31 December 2022

#### 3. Accounting policies (continued)

##### Leased assets

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

##### *(i) Finance leased assets*

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Company's incremental borrowing rate is used.

Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

##### *(ii) Operating leased assets*

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Profit and loss account on a straight-line basis over the period of the lease.

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

Incentives received to enter into an operating lease are credited to the Profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

Costs in respect of operating leases are charged to the Profit and loss account on a straight-line basis over the lease term. Leasing agreements which transfer to the Company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting period. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

##### Investments

Investments are recorded at cost plus incidental expenses less accumulated impairment losses. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

## 3M United Kingdom Public Limited Company

### Notes to the financial statements (continued) For the year ended 31 December 2022

#### 3. Accounting policies (continued)

##### Inventories

Inventories are stated at the lower of historical cost and estimated selling price less costs to complete and sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition. The cost of manufactured finished goods and work in progress includes design costs, raw materials, direct labour and other direct costs and related production overheads (based on normal operating capacity).

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the Profit and loss account. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

##### Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Restructuring provisions are recognised when the Company has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and provision is not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

##### Financial instruments

##### Recognition and measurement

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

**3M United Kingdom Public Limited Company**

**Notes to the financial statements (continued)  
For the year ended 31 December 2022**

**3. Accounting policies (continued)**

**Financial instruments (continued)**

**Recognition and measurement (continued)**

*(i) Financial assets*

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Profit and loss account.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Profit and loss account.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

*(ii) Financial liabilities*

Basic financial liabilities, including trade and other payables and amount owed to fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method:

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**Dividends**

Interim dividends are recognised when they are paid. Final dividends are recognised when the Company has declared them in a general meeting.

Dividends and other distributions to Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Company's shareholders. These amounts are recognised in the statement of changes in equity.

### 3M United Kingdom Public Limited Company

#### Notes to the financial statements (continued) For the year ended 31 December 2022

#### 3. Accounting policies (continued)

##### Related party transactions

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

##### Share based payments

The ultimate parent company, 3M Company, operates an equity-settled, share-based compensation plan. Certain employees of the Company are awarded options over the shares in the ultimate parent. The fair value of the employee services received in exchange for these grants of options is recognised as an expense over the vesting period, with a corresponding increase in Retained earnings. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each Balance sheet date, the Company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the Profit and loss account, with a corresponding adjustment to other reserves.

Upon exercise, 3M Company makes a recharge to the Company in respect of share options granted to the Company's employees. When incurred, these intercompany charges are offset in Retained earnings against the relevant capital contribution. If the amount of the intercompany charge exceeds the original capital contribution, that excess is treated as a distribution from the Company to its parent.

##### Research and development

Expenditure on research and development is charged to the Profit and loss account as incurred.

##### Research and development tax credits

The Company makes a claim Research and Development Expenditure Credit (RDEC) on qualifying expenditure incurred. The RDEC is recognised as a receivable when the directors have agreed by the Balance sheet date that the RDEC will be claimed by the Group, the conditions to obtain the credit have been complied with and there is reasonable assurance the credit will be received. The amounts are credited to other operating income in the Profit and loss account in the same period as the related research and development costs for which the grant is compensating.

##### Discontinued operations

A discontinued operation is a component of the Company's business, the operations and cash flows of which can be clearly distinguished from the rest of the Company and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as discontinued operation, the comparatives of the Profit and loss account are presented as if the operation had been discontinued from the start of the comparative year. Results of discontinued operations are presented in a separate column as discontinued operations in the Profit and loss account. Additional disclosures are provided in note 14. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

### 3M United Kingdom Public Limited Company

#### Notes to the financial statements (continued) For the year ended 31 December 2022

#### 3. Accounting policies (continued)

##### Contingencies

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

#### 4. Critical accounting judgements and estimation of uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### *Critical accounting estimates and assumptions*

In the application of the Company's accounting policies which are described in note 2, the directors are required to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### *(i) Defined benefit pension scheme*

The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the Balance sheet. The assumptions reflect historical experience and current trends. See note 18 for the disclosures relating to the defined benefit pension scheme.

##### *(ii) Impairment of investments*

Investments are assessed for impairment on an annual basis. The value of the investment in the subsidiary is compared to its net assets. Any unfavourable variance is investigated to assess whether the entity is able to generate sufficient net assets over the coming five-year period in order to make good any shortfall. Discounted cash flow method is used for the impairment assessment. All investments are impaired to net asset value if sufficient assurance is not obtained.

**3M United Kingdom Public Limited Company****Notes to the financial statements (continued)  
For the year ended 31 December 2022****5. Turnover**

The analysis of the Company's turnover for the year from the operations is as follows:

	2022 £000	2021 £000
Sale of goods	656,116	724,833

The analysis of the Company's turnover for the year by geographical area is as follows:

	2022 £000	2021 £000
United Kingdom and Ireland	446,473	446,299
Rest of Europe	200,770	266,152
Rest of World	8,873	12,382

The analysis of the Company's turnover for the year by class of business is as follows:

	2022 £000	2021 £000
Safety & Industrial Business Group	378,788	422,401
Health Care Business Group	137,680	174,663
Consumer Business Group	43,421	58,886
Transportation & Electronics Business Group	96,227	68,883

Sales to 3M EMEA GMBH subsequently repurchased and sold to third party customers	(69,433)	(150,424)
<b>Net turnover*</b>	<b>586,683</b>	<b>574,409</b>

\* Net turnover represents turnover less sales to 3M EMEA GMBH subsequently repurchased and sold to third party customers.

The current and previous year revenue numbers are derived from continued and discontinued operations.

The Company acted as a contract manufacturer for 3M EMEA GMBH and also makes sales to third party customers under the same terms and conditions of sale.

The Company, re-purchased stock from 3M EMEA GMBH which had previously been sold by the Company to 3M EMEA GMBH for £69,433k (2021: £150,424k) which was then immediately sold to third party customers.

There has been a correction to the prior year disclosure. However there is no change to the overall value of the turnover.

**3M United Kingdom Public Limited Company****Notes to the financial statements (continued)  
For the year ended 31 December 2022****5. Turnover (continued)**

In both sales transactions the Company has acted as a principal in the transaction as the Company has retained the significant risks and benefits associated with each transaction and in accordance with FRS 102 the total sales reported above includes the gross value of both sales.

**6. Other operating income**

	2022 £000	2021 £000
Recharge to group undertakings*	87,559	86,705
	<u>87,559</u>	<u>86,705</u>

\*Amounts charged to group undertakings relate to costs incurred by the Company in performance of activities for the benefit of other group companies.

The current and previous year numbers are derived from continued and discontinued operations.

**7. Operating profit**

Arrived at after charging/(crediting)

	2022 £000	2021 £000
Research and development cost	19,440	21,880
Foreign exchange losses/(gains)	417	(763)
Operating lease expense	12,260	12,331
Operating lease expense - plant and machinery	443	411
(Profit)/loss on disposal of property, plant and equipment	(2,068)	2,614
Impairment of trade receivables/(reversal of impairment)	26	(676)
(Reversal of impairment)/impairment of inventory - included in cost of sales	(989)	1,151
Inventory recognised as an expense - included in cost of sales	461,212	478,964
Amortisation on goodwill and other intangible assets (note 15)	1,336	3,836
Depreciation on tangible assets (note 16)	12,488	12,672
	<u>12,488</u>	<u>12,672</u>

The current and previous year numbers are derived from continued and discontinued operations.

**3M United Kingdom Public Limited Company****Notes to the financial statements (continued)  
For the year ended 31 December 2022****8. Staff costs**

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022 £000	2021 £000
Wages and salaries	105,494	117,449
Social security costs	13,282	13,870
Other pension costs, defined contribution scheme	7,825	7,765
Other pension costs, defined benefit scheme	16,274	20,622
Share based payment - fair value of employee services	2,286	2,076
	<u>145,161</u>	<u>161,782</u>

The average monthly number of persons employed by the Company (including directors) during the year, analysed by category was as follows:

	2022 No.	2021 No.
Production	822	878
Administration	191	203
Distribution and selling	567	524
Laboratory	188	164
	<u>1,768</u>	<u>1,769</u>

The current and previous year numbers are derived from continued and discontinued operations.

**9. Directors' remuneration**

The directors' emoluments for the year was as follows:

	2022 £000	2021 £000
Aggregate emoluments and benefits (excluding gains on exercise of share options and value of shares received under long-term incentive schemes)	950	1,025
<b>Total directors' remuneration</b>	<u>950</u>	<u>1,025</u>

### 3M United Kingdom Public Limited Company

#### Notes to the financial statements (continued) For the year ended 31 December 2022

##### 9. Directors' remuneration (continued)

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2022 No.	2021 No.
Received share options in the ultimate parent company	3	6
Exercised share options in the ultimate parent company	-	2
Accruing benefits under defined benefit pension scheme	1	1
	<u>1</u>	<u>1</u>

In respect of the highest paid director:

	2022 £000	2021 £000
Aggregate emoluments and benefits (excluding gains on exercise of share options and value of shares received under long-term incentive schemes)	342	414
	<u>342</u>	<u>414</u>

During the year the highest paid director received or was entitled to receive shares under a long term incentive scheme.

The highest paid director did not exercise any share options during the year (2021: £nil).

During the year, one director is not paid by the Company and their directorship fees are not recharged by the Company.

##### 10. Auditors' remuneration

	2022 £000	2021 £000
Audit of the financial statements	477	489
<i>Other fees to auditors</i>		
Audit-related assurance services	38	33
<b>Total services</b>	<u>515</u>	<u>522</u>

##### 11. Interest receivable and similar income

	2022 £000	2021 £000
Dividend income	7,754	15,000
Interest receivable on amounts owed by group undertakings	2,267	16
Interest receivable on post-employment benefits (net) (note 18)	2,562	3,269
	<u>12,583</u>	<u>18,285</u>

During the year, the Company received dividends of £6,000k from Scott Health & Safety Limited and £1,754k from 3M Ireland Limited (2021: £15,000k from Scott Health & Safety Limited).

## 3M United Kingdom Public Limited Company

Notes to the financial statements (continued)  
For the year ended 31 December 2022

## 12. Interest payable and similar expenses

	2022 £000	2021 £000
Interest payable on finance leases	1,143	1,175
Interest on bank loans and overdrafts	142	-
	<u>1,285</u>	<u>1,175</u>

## 13. Tax on (loss)/profit

## Tax expense included in Profit or loss account

	2022 £000	2021 £000
<b>Current taxation</b>		
United Kingdom corporation tax on profits for the year	6,378	9,894
Adjustment in respect of prior years	2,783	1,441
Foreign tax relief/other relief	-	(6)
	<u>9,161</u>	<u>11,329</u>
Foreign tax suffered	-	6
Total current income tax	<u>9,161</u>	<u>11,335</u>

**Deferred taxation**

Origination and reversal of timing differences	(1)	(1,719)
Effect of changes in tax rates	(612)	6,612
Adjustment in respect of prior years	(1,095)	487
Total deferred taxation	<u>(1,708)</u>	<u>5,380</u>

**Tax expense in the Profit and loss account**

<u>7,453</u>	<u>16,715</u>
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**Tax income included in other comprehensive expense**

	2022 £000	2021 £000
Deferred tax related to items recognised as items of other comprehensive expense	<u>(11,137)</u>	<u>(267)</u>

**3M United Kingdom Public Limited Company****Notes to the financial statements (continued)  
For the year ended 31 December 2022****13. Tax on profit (continued)**

The total tax charged for the year is higher than (2021: higher than) the standard rate of corporation tax in the United Kingdom of 19% (2021: 19%).

The differences are reconciled below:

	2022 £000	2021 £000
Profit before tax	<u>(43,033)</u>	<u>47,782</u>
(Loss)/profit before tax multiplied by standard rate in United Kingdom of 19% (2021: 19%)	(8,176)	9,079
<b>Effects of:</b>		
Non taxable income	(2,011)	(2,943)
Expenses not deductible for tax purposes	16,581	2,232
Effect of changes in tax rates	(612)	6,612
Adjustments in respect of prior years	1,688	1,928
Group relief not paid for	(17)	(193)
Total tax charge for the year	<u>7,453</u>	<u>16,715</u>

The prior year tax number are derived from continued and discontinued operations.

**Factors that may affect future tax charges**

In the March 2021 Budget it was announced that legislation would be introduced in Finance Bill 2021 to increase the main rate of United Kingdom corporation tax from 19% to 25%, effective 1 April 2023. This rate change was substantively enacted on 24 May 2021 and, as such, the impact of the rate change has been taken into consideration in measuring the closing deferred tax balances.

**Deferred tax**

At 31 December 2022, there was a deferred tax liability of £24,361k (2021: net deferred tax liability £37,206k).

	Asset £000	Liability £000
<b>2022</b>		
Fixed asset timing differences	-	3,641
Short term timing differences - trading	-	21,150
Losses	-	(430)
	<u>-</u>	<u>24,361</u>

**3M United Kingdom Public Limited Company**

**Notes to the financial statements (continued)  
For the year ended 31 December 2022**

**13. Tax on profit (continued)**

	Asset £000	Liability £000
<b>2021</b>		
Fixed asset timing differences	-	2,012
Short term timing differences - trading	-	35,624
Losses	-	(430)
	<u>-</u>	<u>37,206</u>

**14. Discontinued operations**

On 1 September 2022, 3M Company has separated its Food Safety business and simultaneously combined it with NEOGEN. As a part of the transaction, the Company sold the assets and liabilities related to its Food Safety business in consideration of £nil, resulting in a loss on disposal of £4,738k.

The details of net assets transferred are as follows:

	1 September 2022 £000
<b>Fixed assets</b>	
Intangible assets	1,770
Tangible assets	1,438
	<u>3,208</u>
<b>Current assets</b>	
Inventories	1,236
Other current assets	359
	<u>1,595</u>
Other current liabilities	(65)
<b>Net current assets</b>	<u>1,530</u>
<b>Net assets transferred</b>	<u>4,738</u>
<b>Sales consideration received</b>	<u>-</u>
Loss on sale of operations	<u>(4,738)</u>

**3M United Kingdom Public Limited Company****Notes to the financial statements (continued)  
For the year ended 31 December 2022****15. Goodwill and other intangible assets**

	Customer relationships £000	Goodwill £000	Negative goodwill £000	Other intangibles - software £000	Total £000
<b><i>Cost or valuation</i></b>					
At 1 January 2022	-	139,299	(3,380)	6,610	142,529
Additions	2,060	-	-	162	2,222
Disposals	-	(8,871)	-	(55)	(8,926)
Disposal pertaining to discontinued operations	-	(1,770)	-	-	(1,770)
At 31 December 2022	2,060	128,658	(3,380)	6,717	134,055
<b><i>Accumulated amortisation</i></b>					
At 1 January 2022	-	137,155	-	4,577	141,732
Charge for the year	183	158	-	995	1,336
Disposals	-	(8,870)	-	(37)	(8,907)
At 31 December 2022	183	128,443	-	5,535	134,161
<b><i>Carrying amount</i></b>					
At 31 December 2022	1,877	215	(3,380)	1,182	(106)
At 31 December 2021	-	2,144	(3,380)	2,033	797

## 3M United Kingdom Public Limited Company

Notes to the financial statements (continued)  
For the year ended 31 December 2022

## 16. Tangible assets

	Land and buildings £000	Plant and machinery £000	Assets under construction £000	Total £000
<b>Cost or valuation</b>				
At 1 January 2022	71,671	108,854	12,584	193,109
Additions	1,306	3,493	6,071	10,870
Disposals	(2,752)	(14,490)	-	(17,242)
Disposal pertaining to discontinued operations	-	(1,693)	-	(1,693)
Transfers	1,112	6,274	(7,386)	-
At 31 December 2022	<u>71,337</u>	<u>102,438</u>	<u>11,269</u>	<u>185,044</u>
<b>Accumulated depreciation</b>				
At 1 January 2022	31,717	82,129	-	113,846
Charge for the year	4,206	8,282	-	12,488
Disposals	(1,147)	(12,535)	-	(13,682)
Disposal pertaining to discontinued operations	-	(255)	-	(255)
At 31 December 2022	<u>34,776</u>	<u>77,621</u>	<u>-</u>	<u>112,397</u>
<b>Carrying amount</b>				
At 31 December 2022	<u>36,561</u>	<u>24,817</u>	<u>11,269</u>	<u>72,647</u>
At 31 December 2021	<u>39,954</u>	<u>26,725</u>	<u>12,584</u>	<u>79,263</u>

**Assets under finance leases and capitalised in land and buildings**

The net carrying amount of land and buildings include the following amounts in respect of assets held under finance leases:

	2022 £000	2021 £000
Cost	29,810	29,810
Accumulated depreciation	(27,304)	(25,949)
	<u>2,506</u>	<u>3,861</u>

Assets held under finance leases capitalised in land and buildings relate to the Company's head office at Cain Road, Bracknell.

### 3M United Kingdom Public Limited Company

#### Notes to the financial statements (continued) For the year ended 31 December 2022

#### 16. Tangible assets (continued)

##### Analysis of Land and buildings

	2022 £000	2021 £000
<b>Net book value</b>		
Freehold	34,055	36,093
Long leasehold	2,506	3,861
	<u>36,561</u>	<u>39,954</u>

Of the £36,561k (2021: £39,954k) held under land and buildings £12,000k (2021: £12,000k) relates to freehold land.

#### 17. Investments

<b>Subsidiaries</b>	£000
<b>Cost or valuation</b>	
At 1 January 2022	268,620
Additions	3,376
At 31 December 2022	<u>271,996</u>
<b>Accumulated impairment</b>	
At 1 January 2022	
Charge during the year	80,257
At 31 December 2022	<u>80,257</u>
<b>Carrying amount</b>	
At 31 December 2022	<u>191,739</u>
At 31 December 2021	<u>268,620</u>

During the year, the Company's investment in Mmodal Limited and Scott Health & Safety Limited was impaired by £1,847k and £78,410k respectively (2021: £nil).

The directors believe that the book value of the investments is supported by the underlying net asset or the value in use.

**3M United Kingdom Public Limited Company****Notes to the financial statements (continued)  
For the year ended 31 December 2022****17. Investments (continued)****Details of undertakings**

Details of the investments (including principal place of business of unincorporated entities) in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

<i>Undertaking</i>	<i>Registered office</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>
3M Health Care Limited	3M Health Care Limited, Derby Road, Loughborough, Leicestershire, United Kingdom, LE11 5SF	Ordinary £1	100%
3M Ireland Limited	United Kingdom 70 Sir John Rogerson's Quay, Dublin 2 Ireland	Ordinary £1	100%
Scott Health & Safety Limited	3M Centre, Cain Road, Bracknell, Berkshire RG12 8HT United Kingdom	Ordinary £1	100%
Infrared Systems Group Ltd	3M Centre Cain Road, Bracknell, Berkshire, RG12 8HT United Kingdom	Ordinary £1	100%
Mmodal Limited	3M Centre, Cain Road, Bracknell, Berkshire RG12 8HT	Ordinary £0.02	100%
Capital Safety (Northern Europe) Limited	3M Centre, Cain Road, Bracknell, Berkshire RG12 8HT	Ordinary £1	100%

The principal business activities of these subsidiaries are:

**3M Health Care Limited**

Holds the relevant regulatory and manufacturing licenses for products that serve markets that include medical clinics and hospitals, pharmaceuticals, orthodontic practitioners, and health information systems. The address of the registered office is 3M Health Care Limited, Derby Road, Loughborough, Leicestershire, United Kingdom, LE11 5SF. As at 31 December 2022, the carrying value of investment in shares of 3M Health Care Limited was £113,418k (2021: £113,418k).

**3M Ireland Limited**

Markets a range of coated materials and other related products and services. These include abrasives, adhesives, tapes, reflective materials, personal safety and office stationery products. It also serves markets that include medical clinics, hospitals, pharmaceuticals, dental and orthodontic practitioners, and health information systems. The address of the registered office is 70 Sir John Rogerson's Quay, Dublin 2, Ireland. As at 31 December 2022, the carrying value of investment in shares of 3M Ireland Limited is £46k (2021: £46k).

**3M United Kingdom Public Limited Company**

**Notes to the financial statements (continued)  
For the year ended 31 December 2022**

**17. Investments (continued)**

**Scott Health & Safety Limited**

Designs and manufactures respiratory, head and sensory personal protective equipment, as well as related safety equipment. The address of the registered office is 3M centre, Cain Road, Bracknell, Berkshire RG12 8HT. As at 31 December 2022, the carrying value of investment in shares of Scott Health & Safety Limited is £68,033k (2021: £146,443k).

**Infrared Systems Group Ltd**

Manufactures optical precision instruments and systems. The address of the registered office is 3M centre, Cain Road, Bracknell, Berkshire RG12 8HT. It is a 100% owned subsidiary of Scott Health & Safety Limited, so an indirect subsidiary of the Company.

**Capital Safety (Northern Europe) Limited**

During the year, the Company have acquired the investments in Capital Safety (Northern Europe) Limited amounting to £3,376k.

The principal activity of the Company is the marketing of fall-arrest and rescue systems for industrial applications. There is also a training centre which offers Working at Height activities and courses.

**Mmodal Limited**

Provides internet based technology solutions. It has been acquired by the Company on 1 November 2019 and is 100% owned by the Company. The address of the registered office is 3M centre, Cain Road, Bracknell, Berkshire RG12 8HT. As at 31 December 2022, the carrying value of investment in shares of Mmodal Limited is £6,866k (2021: £8,713k).

On 1 November 2019, the Company acquired Mmodal Limited (Company no. 03232899) for a consideration value of £8,713k. On same date, the business together with assets and liabilities of Mmodal Limited, a wholly owned subsidiary, were hived up in to the Company.

	£000
Investment cost	8,713
Net assets acquired	(12,093)
	(3,380)
Negative goodwill	(3,380)

**3M United Kingdom Public Limited Company****Notes to the financial statements (continued)  
For the year ended 31 December 2022****18. Pension and other schemes**

The Company operates a number of pension schemes for its employees. The amounts recognised in the Balance sheet is as follows:

	2022 £000	2021 £000
Defined benefit scheme asset	98,851	151,077

The amount recognised in the Profit and loss account is as follows:

	2022 £000	2021 £000
Defined benefit scheme:		
Current service costs	15,578	19,847
Administration costs	696	775
Net interest income	(2,562)	(3,269)
Defined contribution scheme: current year contributions	7,825	7,765
Total charge	21,537	25,118

## a) Defined benefit pension schemes

**3M Pension and Life Assurance Scheme**

During the year the Company operated one defined benefit pension scheme funded by both employers' and employees' contributions; 3M Pension and Life Assurance.

3M Pension and Life Assurance Scheme is a defined benefit pension scheme with assets held in a separately administered fund. The scheme provides retirement benefits on the basis of members' final salary. The Company has agreed a funding plan with the trustees, whereby ordinary contributions are made into the scheme based on a percentage of active employees' salary. Additional contributions are agreed with the trustee to reduce the funding deficit where necessary. On 30 June 2003, the defined benefit pension scheme was closed to new entrants. At the same time, the Company established a defined contribution scheme to provide benefits to new employees.

On 30 April 2016 the scheme assets and liabilities of the Security, Printing and Systems Limited pension scheme were merged in to the 3M Pension and Life Assurance Scheme.

An actuarial valuation of the 3M Pension and Life Assurance scheme using the projected unit basis, was carried out at 05 April 2021 by Aon Consulting, independent consulting actuaries.

Following the merger of 3M Health Care Limited in 2016, the Company has become the only participating employer of the 3M Pension and Life Assurance Scheme. Therefore the full assets and liabilities of the scheme were shown in these financial statements, with the 3M Health Care Limited balances shown as transfers in.

**3M United Kingdom Public Limited Company****Notes to the financial statements (continued)  
For the year ended 31 December 2022****18. Pension and other schemes (continued)*****Principal actuarial assumptions***

The principal actuarial assumptions at the Balance sheet date are as follows:

	2022	2021
	%	%
Rate of increase in salaries	3.00	3.00
Rate of increase in pensions in payment		
- Pension accrued after 6 April 1997	3.00	3.20
- Pension accrued after 5 April 2006	2.00	2.20
- Pension accrued after April 2016	1.80	2.00
- SPSL excess pension	2.40	2.60
Discount rate:		
- DBO	4.94	1.90
- Service Costs	4.92	1.93
- Net Interest Costs	4.99	1.76
Rate of inflation:		
- RPI	3.10	3.30
- CPI	2.40	2.60

***Post retirement mortality assumptions***

	2022	2021
	Years	Years
Current UK pensioners at retirement age of 65 - male	87.50	87.30
Current UK pensioners at retirement age of 65 - female	89.40	89.30
Future UK pensioners at retirement age of 65 - male	88.80	88.60
Future UK pensioners at retirement age of 65 - female	90.90	90.70

## 3M United Kingdom Public Limited Company

Notes to the financial statements (continued)  
For the year ended 31 December 2022

## 18. Pension and other schemes (continued)

Reconciliation of scheme assets and liabilities to assets and liabilities recognised:

	Assets £000	Liabilities £000	Changes in effect of asset ceiling £000	Total £000
At 1 January 2022	2,480,961	(2,011,621)	(318,263)	151,077
Benefits paid	(75,590)	75,590	-	-
Employer contributions	6,034	-	-	6,034
Member contributions	64	(64)	-	-
Current service costs	-	(15,578)	-	(15,578)
Interest income/(expense)	37,446	(34,884)	-	2,562
Actuarial (losses)/gains on assets/liabilities	(598,851)	721,466	-	122,615
Change in effect of the asset ceiling of previous year	-	-	(167,163)	(167,163)
Administration costs	(696)	-	-	(696)
<b>At 31 December 2022</b>	<b>1,849,368</b>	<b>(1,265,091)</b>	<b>(485,426)</b>	<b>98,851</b>

Total costs recognised as an expense:

	2022 £000	2021 £000
Current service costs	15,578	19,847
Administration costs	696	775
Net interest income	(2,562)	(3,269)
	<b>13,712</b>	<b>17,353</b>

The equity investments and bonds which are held in plan assets are quoted and are valued at the current bid price. Scheme assets do not include any of the Company own financial instruments, or any property occupied by the Company.

**Analysis of assets**

The major categories of scheme assets are as follows:

	2022 £000	2021 £000
Cash and cash equivalents	59,850	204,243
Equity instruments	137,487	340,213
Bonds	1,453,821	1,608,418
Alternatives	198,210	328,087
	<b>1,849,368</b>	<b>2,480,961</b>

**3M United Kingdom Public Limited Company****Notes to the financial statements (continued)  
For the year ended 31 December 2022****18. Pension and other schemes (continued)**

## Return on scheme assets

	2022 £000	2021 £000
Interest income on Scheme assets	37,446	27,851
Actuarial (losses)/gains on Scheme assets	(598,851)	67,573
	<u>(561,405)</u>	<u>95,424</u>

## Amounts recognised in other comprehensive expense in relation to pension scheme:

	2022 £000	2021 £000
Actuarial (losses)/gains on Scheme assets	(598,851)	67,573
Actuarial gains on Pension obligations	721,466	118,128
Change in effect of the asset ceiling	(167,163)	(200,214)
	<u>(44,548)</u>	<u>(14,513)</u>

## b) Defined contribution pension scheme

Following the closure of the defined benefit scheme to new entrants, the Company provides a defined contribution scheme for its employees.

The amount recognised as an expense for the defined contribution scheme was:

	2022 £000	2021 £000
Current year contributions	<u>7,825</u>	<u>7,765</u>

**19. Inventories**

	2022 £000	2021 £000
Raw materials and consumables	12,597	18,248
Work in progress	18,986	16,083
Finished goods and goods for resale	4,107	3,764
	<u>35,690</u>	<u>38,095</u>

The replacement cost of stocks is not substantially different from its book value. Inventories are stated after provisions for impairment of £4,900k (2021: £4,500k).

**3M United Kingdom Public Limited Company****Notes to the financial statements (continued)  
For the year ended 31 December 2022****20. Debtors: amounts falling due within one year**

	2022 £000	2021 £000
Trade debtors	66,772	59,393
Amounts owed by group undertakings	228,482	258,489
Other debtors	793	29
Recoverable corporation tax	3,528	5,692
Recoverable VAT	196	1,142
Prepayments and accrued income	9,103	2,420
	<u>308,874</u>	<u>327,165</u>

Amounts owed by group undertakings bear interest at the SONIA rate (2021: LIBOR) with the exception of £79,796k (2021: 49,953k) which are unsecured, repayable on demand and interest free.

Trade debtors are stated after provisions for impairment of £1,700k (2021: £1,700k).

Corporation tax includes research and development tax credits as follows:

	2022 £000	2021 £000
Above the line credit claim for the year	(1,266)	(827)
Tax at 19% (2021: 19%) on claim for the year	241	157
	<u>(1,025)</u>	<u>(670)</u>

**21. Cash at bank and in hand**

	2022 £000	2021 £000
Cash at bank and in hand	<u>6,300</u>	<u>5,469</u>

### 3M United Kingdom Public Limited Company

#### Notes to the financial statements (continued) For the year ended 31 December 2022

#### 22. Creditors

	2022 £000	2021 £000
<b>Amounts falling due within one year</b>		
Finance leases	3,524	3,664
Trade creditors	33,024	35,734
Amounts owed to group undertakings	483,067	484,323
Taxation and social security	5,352	4,596
Other creditors	6,281	3,535
Accruals and deferred income	13,252	13,699
	<u>544,500</u>	<u>545,551</u>
<b>Amounts falling due after more than one year</b>		
Finance leases	<u>1,880</u>	<u>5,667</u>

Amounts owed to group undertakings are unsecured, repayable on demand and interest free.

#### 23. Provision for liabilities

	<i>Within one year</i>	<i>More than one year</i>	<i>More than one year</i>	<i>More than one year</i>	<i>Total</i>
	Reorganisation Provision £000	Product Provisions £000	Dilapidations Provisions £000	Deferred Tax £000	Total £000
At 1 January 2022	4,824	40	4,157	37,206	46,227
Adjustment in respect of prior years	-	-	-	(1,095)	(1,095)
Increase in existing provisions	2,001	-	-	-	2,001
Provisions utilised	(1,419)	(25)	-	(11,750)	(13,194)
<b>At 31 December 2022</b>	<u>5,406</u>	<u>15</u>	<u>4,157</u>	<u>24,361</u>	<u>33,939</u>

#### Reorganisation

The provision relates to a number of restructuring schemes in different parts of the business which is expected to be utilised by June 2023. Hence, reorganisation provision has been reclassified to current liabilities.

#### Product liability

The provision relates to ongoing product claims. The provision is expected to be utilised during the next five years.

**3M United Kingdom Public Limited Company****Notes to the financial statements (continued)  
For the year ended 31 December 2022****23. Provision for liabilities (continued)****Dilapidations**

The dilapidations provision relates to a liability at the end of the capital lease for the Company's head office which is expected to be utilised by 30 March 2025.

**24. Called up share capital****Allotted, called up and fully paid**

	No. 000	2022 £000	No. 000	2021 £000
Ordinary share of £1 each	20,595	20,595	20,595	20,595

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

**25. Share based payments****Management Stock Ownership Plan**

The parent company issues Management Stock Ownership Plan (MSOP) options to eligible employees annually in February. Under the plan, the parent company has principally issued stock options to management employees that are granted at market value on the date of grant. In addition to grants to management employees, the Company makes other minor stock options grants to employees, for which vesting terms and option lives are not substantially different, and also makes minor grants of restricted stock units and other stock-based grants.

The vesting period for the stock options is three years with the expiration date of 10 years from the date of the grant. Exercise of an option is subject to continued employment unless retiring.

The Company also issues restricted stock units (RSU's). The vesting period for the RSU's is three years with the expiration date of 3 years from the date of the grant. Exercise of an RSU is subject to continued employment unless retiring.

During the year, charged to Profit and loss account for share based payment was £2,286k (2021: £2,076k).

On exercise of the shares by employees, the Company is charged the intrinsic value of the shares by 3M Company. Payments of £nil (2021: £nil) were recognised directly into equity.

**26. Dividends**

	2022 £000	2021 £000
Interim dividend of £2.80 (2021: £2.57) per ordinary share	57,754	53,000

**3M United Kingdom Public Limited Company****Notes to the financial statements (continued)  
For the year ended 31 December 2022****27. Finance leases**

Future minimum payments under finance lease payments are as follows:

	2022 £000	2021 £000
Not later than 1 year	3,551	3,551
Later than one year and not later than five years	4,438	7,989
	<u>7,989</u>	<u>11,540</u>
Less: finance charges	2,585	2,209
Carrying amount of liability	<u>5,404</u>	<u>9,331</u>

**28. Commitments**

Capital commitments

	2022 £000	2021 £000
Contracts placed for future capital expenditure not provided for in the financial statements	1,552	1,841

***Operating lease commitments***

The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following years:

***Property Leases***

	2022 £000	2021 £000
<b><i>Payments due</i></b>		
Not later than one year	3,039	2,685
Later than one year and not later than five years	5,339	7,095
Later than five years	-	391
	<u>8,378</u>	<u>10,171</u>

The Company has no other off-balance sheet arrangements.

**3M United Kingdom Public Limited Company**

**Notes to the financial statements (continued)  
For the year ended 31 December 2022**

**29. Parent and ultimate parent undertaking**

The Company's immediate parent is 3M Products Limited, incorporated in England, United Kingdom.

The Company is a wholly owned subsidiary of 3M Company, a company incorporated in the United States of America, as the ultimate parent company and controlling party. This is the largest, and also the smallest, group of which the Company is a member and for which group financial statements are prepared. Copies of the consolidated financial statements of the ultimate parent company may be obtained from 3M Investor Relations, 3M Center, Building 225-SN-04 St Paul, MN 55144-1000, USA.

Financial statements of certain of the US and UK companies are also available on the internet at <http://www.3m.com/uk>. The Company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the group.

**30. Post Balance sheet events**

There are no events that occurred after the Balance sheet date which shall require disclosure.