

# 2012 Sustainability Report



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#### REPORT PROFILE

#### **Organizations Covered in this Report**

This report covers 3M owned manufacturing facilities and leased facilities worldwide, including joint ventures and partially owned subsidiaries where we have operation control. Outsourced locations are not included in this report. All data included in the report is global data, unless specified.

#### **Reporting Period**

This report provides a summary of the activities in fiscal year 2011 (January 1, 2011 to December 31, 2011).

# Significant Change during Reporting Period

See 2012 Proxy Statement www.3M.com/InvestorRelations

#### **Data Collection and Adjustments**

(Refer to Report Collection and Adjustments at the end of this report)

#### **Publication**

Current Issue: May 31, 2012

Next Issue: Scheduled for May 2013

Previous Issue: June 25, 2011

\*Prior to 2010, 3M's Sustainability Report was a fully integrated website. Therefore, copies prior to 2009 are not available.

#### **Reference Guidelines**

3M applies the Global Reporting Initiative (GRI)-G.3.1 reporting framework. Disclosure levels are noted in the GRI Index at the end of this report.

#### Contact

Further information regarding this report can be obtained by contacting 3M Corporate Public Relations:

Phone: 1-888-364-3577

E-Mail: Through "Contact Us" at

www.3M.com

#### 3M Sustainability Definition

3M defines sustainability using the United Nation's Brundtland Commission's definition, "meeting the needs of society today while respecting the ability of future generations to meet their needs." Our definition is further informed by the work for the World Business Council for Sustainable Development, Global Reporting Initiative, Dow Jones Sustainability Index, and others who define sustainability as encompassing environmental stewardship, economic success, and social responsibility. These three pillars are further defined by the topics covered in this report.

#### INTRODUCTION

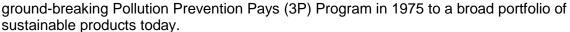
#### **INVENTING TOMORROW -SUSTAINING OUR FUTURE**

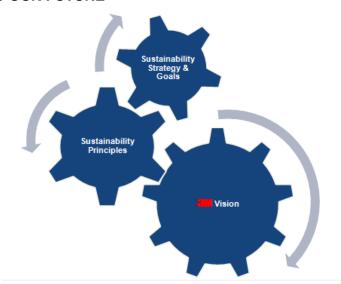
3M does not have a separate sustainability initiative.

It is simply part of who we are and what we do.

Initiatives speak of focus groups... of start-up dates... end dates... buzzwords. They tend to spring from what other companies do. They are a reaction.

For more than 40 years, 3M has been a leader among global corporations in sustainability actions and measures, beginning with the creation of its





As a global corporation, we believe that we have a very real and sincere responsibility to society, in general, and especially to the communities in which we live and work. That is important from an environmental stewardship perspective, as well as a key competitive strategy.

Our corporate vision states that 3M technology advances every company... 3M products enhance every home... and 3M innovation improves every life.

It is that vision – that focuses on our customers' needs and well-being – that guides our sustainability strategies and goals, the respect we demonstrate for our social and physical environments.

Our sustainability strategies are built upon three key principles: environmental stewardship, social responsibility, and economic success. By demonstrating global leadership within each of these powerful principles, 3M will continue to successfully deliver on its corporate vision.

Our focus on environmental stewardship dictates how we do what we do. It guides our design ethic, our manufacturing processes, and our means of distribution.

Our focus on social responsibility means engaging in deep, meaningful conversations with our key stakeholders – our customers, our shareholders, our employees, and our communities – to ensure that we are acting as responsibly and as ethically as possible and that we are furthering our leadership position within our sustainability operations.

Our focus on economic success enables us to create impactful, innovative sustainable solutions today... and far into the future.

Our corporate vision, crafted with our customers and end users firmly in mind, is inextricably linked with our sustainability strategies. Our culture of innovation, collaboration, the sharing of technologies across platforms and business units, ultimately supports these guiding questions: How can we best meet the articulated and unarticulated needs of our global customers and partners? How can we harness the chain reaction of new ideas to not only invent the products of the future, but also do so in a way that creates the smallest footprint upon our precious planet?

Our sustainability measures begin with the germ of an idea and are carried through every step of processes that deliver innovative products into the hands of our customers throughout the world. Our partners and customers consistently turn to us for sustainability solutions within their own manufacturing processes. We share our knowledge regularly and to the greater benefit of the worldwide community.

We know that what we and our partners do today will have an impact far into the future. We act to meet the needs of society today, while respecting the needs of future generations.

At 3M, we don't have a sustainability initiative. We have a sustainability culture.



#### **EXECUTIVE MESSAGE**

At 3M, we are working hard to help create a better world for people everywhere. We apply our ingenuity, our expertise and our technology to solve problems innovatively, and with a focus on solutions for the longer term. Sustainability is fundamental to our business philosophy – from product development and manufacturing to how customers use our products.

#### **Our Enduring Commitment**

For decades, 3M has pioneered sustainable business practices with outstanding results. Our 3P Program – Pollution Prevention Pays—is now in its thirty-seventh year. Over the years, this innovative, world-leading program has prevented 3.5 billion pounds of pollution. And that's not all - our efforts have reduced greenhouse gas emissions by 72 percent.

We have created hundreds of sustainable solutions and product platforms to help our customers manage their environmental footprint – from paint systems that reduce the need for cleaning solvents and window films that ease energy consumption to a greener tape that is made with plant-based adhesive and film.

But we know there is much more to do. 3M and its customers face ongoing challenges such as energy reduction and efficient use of raw materials. When we look upon these challenges, we apply 3M innovation to overcome them, for our company, for our customers and for our communities.

#### **Our 2015 Sustainability Goals**

Sustainability is a real-world business initiative that is woven into the culture of 3M. We are building on our years of success to further reduce our environmental footprint. Our goal is to reduce volatile air emissions 15 percent by 2015, reduce solid waste 10 percent and improve energy efficiency by 25 percent, all from a 2010 base.

Our sustainability goals also measure progress on social responsibility and economic issues. For example, we aim to increase sales of 3M products that offer environmental advantages and we are developing and implementing water conservation plans in areas with scarce or stressed water resources.

Sustainability will continue to be a vital focus as we work to truly advance every company, enhance every home and improve every life.

Inge Thulin

Chairman, President and CEO

'eye Glewi

Our Vision

3M Technology Advancing Every Company 3M Products Enhancing Every Home 3M Innovation Improving Every Life

**3M** 

#### **CORPORATE OVERVIEW**

3M is a \$30 billion diversified science-based technology company with a global presence in the following businesses: Industrial and Transportation; Health Care; Display and Graphics; Consumer and Office; Safety, Security and Protection Services; and Electro and Communications. These six business segments produce over 60,000 products and bring together common or related 3M technologies, driving innovation and providing for efficient sharing of business resources.

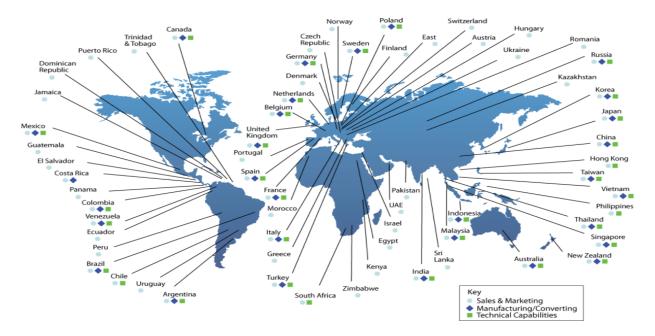
#### 3M at a Glance:

- Global Sales: \$30 Billion
- Operations in more than 65 countries
- 3M products sold in nearly 200 countries
- 84,000 employees globally

#### **GLOBAL OPERATIONS**

Headquartered in St. Paul, Minnesota (USA), 3M has operations in more than 65 countries and serves customers in nearly 200 countries. The company began operations in 1902, however was incorporated and began selling products outside the United States in 1929. Types of operations include manufacturing facilities, research and development/laboratory sites, sales and marketing offices, technical centers, distribution centers, and regional headquarters. An international operations organization was established in 1951. The company is a member of the Dow Jones Industrial Average and also is a component of the Standard and Poor's 500 Index.

At December 31, 2011, the Company employed 84,198 people (full-time equivalents), with 33,128 employed in the United States and 51,070 employed internationally.



#### **OUR PRODUCTS**

3M serves customers through six business segments, which increase speed and efficiency by sharing technological, manufacturing, marketing and other resources across all segments.



#### **Consumer and Office Business**

Supplying an array of innovative products that keep homes cleaner, offices organized and buildings well-maintained, our consumer and office business is home to some of the world's best-known brands, including Post-it®, Scotch®, Scotch-Brite®, Filtrete<sup>TM</sup>, O-Cel-O<sup>TM</sup>, Nexcare<sup>TM</sup>, and Command<sup>TM</sup>.



#### **Display and Graphics Business**

Drawing on 3M's powerful technology platforms, we provide products—display enhancement films, reflective materials, eye-catching graphics, projection systems and more —that people around the world rely on every day.



#### Electronics, Electrical and Communications Business

We turn 3M technology into solutions for customers in electrical, electronics and communications markets around the world. We contribute to reliable sources of electrical power, high-performance electronic devices, and speedy and dependable telecommunications network.



#### **Health Care Business**

Supplying innovative and reliable products that help health care professionals improve the quality of care, we are a global leader in medical and oral care products, and drug delivery and health information systems.



#### **Industrial and Transportation Business**

We provide thousands of innovative products including tapes, abrasives, adhesives, specialty materials and filtration systems to dozens of diverse markets – from automotive to aerospace to renewable energy to electronics.



#### Safety, Security and Protection Services Business

Our products—personal protective equipment, safety and security products, track and trace solutions and more — increase the safety, security and productivity of people, facilities and systems around the world. We are also a leading supplier of roofing granules for asphalt shingles

#### **CORPORATE GOVERNANCE AND BUSINESS CONDUCT**

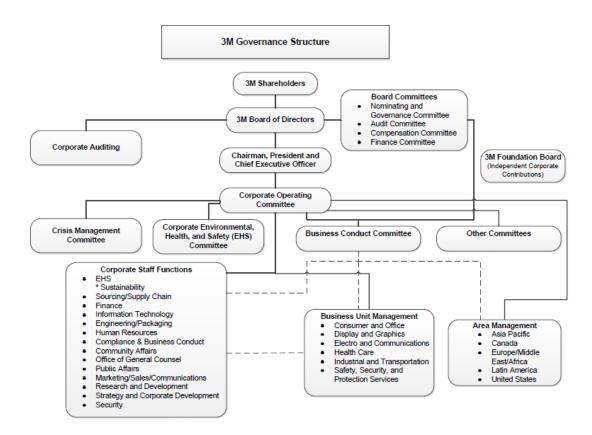
#### **CORPORATE VALUES**

3M's actions are guided by our corporate vision and values of uncompromising honesty and integrity. We are proud to be recognized worldwide as an ethical and law-abiding company. As a company we are committed to sustainable development through environmental protection, social responsibility, and economic success.

#### **3M VALUES**

- Act with uncompromising honesty and integrity in everything we do.
- Satisfy our customers with innovative technology and superior quality, value and service.
- Provide our investors an attractive return through sustainable, global growth.
- Respect our social and physical environment around the world.
- Value and develop our employees' diverse talents, initiative and leadership.
- Earn the admiration of all those associated with 3M worldwide

#### **GOVERNANCE STRUCTURE**



#### **3M BOARD OF DIRECTORS**

3M's Board Structure and leadership are characterized by:

- A combined Chairman of the Board and CEO (Inge Thulin).
- A strong, independent and highly experienced lead director with well defined responsibilities that support the Board's oversight responsibilities (Vance Coffman)
- A robust committee structure comprised entirely of independent directors with oversight of various types of risks
- An engaged and independent Board.

The Board of Directors (the "Board") believes that this leadership provides independent Board leadership and engagement while deriving the benefit of having our CEO also serve as Chairman of the Board. As the individual with primary responsibility for managing the company's day to day operations and with in depth knowledge and understanding of the company, he is best positioned to chair regular Board meetings as the directors discuss key business and strategic issues. Coupled with an independent Lead Director, this combined structure provides independent oversight while avoiding unnecessary confusion regarding the Board's oversight responsibilities and the data to day management of business operations.

The board believes that the company's corporate governance measures ensure that strong independent directors continue to effectively oversee the company's management and key issues related to executive compensation, CEO evaluation and succession planning, strategy, risk and integrity.



Inge Thulin
President, Chief
Executive Officer,
Chairman of the
Board



**Linda G. Alvardo**President and CEO
Alvardo Construction



Aulana L. Peters Retired Partner, Gibson, Dunn & Crutcher LLC



Vance D. Coffman
Retired Chairman of the
Board and CEO,
Lockheed Martin
Corporation



Robert S. Morrison Retired Vice Chairman, PepsiCo Inc.



W. James Farrell
Retired Chairman and
CEO Illinois Tool
Works, Inc.



Edward M. Liddy Partner, Clayton, Dubilier & Rice, LLC



Michael L. Eskew Retired Chairman and CEO, United Postal Service, Inc



Herbert L. Henkel Retired Chairman of the Board and CEO Ingersoll-Rand plc



Robert J. Ulrich Retired Chairman and CEO, Target

#### **Board Skills and Responsibilities**

The Board's Nominating and Governance Committee periodically reviews with the 3M board the requisite skills and characteristics of its members. 3M's Corporate Governance Guidelines contain Board Membership Criteria that apply to nominees for a position on 3M's Board of Directors. The committee periodically reviews with the board the appropriate skills and characteristics required of board members given the current board composition. It is the intent of the board that the board, itself, be a high performance organization creating competitive advantage for 3M. To perform as such, the board is composed of individuals who have distinguished records of leadership and success in their arena of activity and who will make substantial contributions to board operations and effectively represent the interests of all stockholders.

The Committee's and the Board's assessment of Board candidates includes, but is not limited to, consideration of:

- Roles and contributions valuable to the business community;
- Personal qualities of leadership, character, judgment, and whether the candidate
  possesses and maintains throughout service on the Board a reputation in the community
  at large of integrity, trust, respect, competence, and adherence to the highest ethical
  standards:
- Relevant knowledge and diversity of background and experience in such things as business, manufacturing, technology, finance and accounting, marketing, international business, government, and the like; and
- Whether the candidate is free of conflicts and has the time required for preparation, participation, and attendance at all meetings.

In addition to these minimum requirements, the Committee will also evaluate whether the nominee's skills are complementary to the existing Board members' skills, the Board's needs for particular expertise in fields such as business, manufacturing, technology, finance and accounting, marketing, international business, government, or other areas of expertise, and assess the nominee's impact on Board dynamics and effectiveness.

The Board of Directors values diversity as a factor in selecting nominees to serve on the Board, and believes that the diversity which exists in its composition provides significant benefit to the Board and the Company. Although there is no specific policy on diversity, the Committee considers the Board Membership Criteria in selecting nominees for directors, including "diversity of background." Such considerations may include gender, race, national origin, functional background, executive or professional experience, and international experience.

#### SHAREHOLDER AND STAKEHOLDER INPUT

3M values shareholder and stakeholder input. The Board of Directors has adopted the following process for stockholders and other interested parties to send communications to members of the Board. Stockholders and other interested parties may communicate with the Lead Director, the chairs of the Audit, Compensation, Finance, and Nominating and Governance Committees of the Board, or with any of our other independent directors, or all of them as a group, by sending a letter to the following address: Corporate Secretary, 3M Company, 3M Center, Building 220-13E-34, St. Paul, MN 55144-1000

#### SUSTAINABILITY GOVERNANCE STRUCTURE

The Corporate Operating Committee, which is comprised of the CEO and his direct reports, approves 3M-wide sustainability principles, strategy, and goals, and any associated major changes. Executive committees associated with the strategic sustainability functions (comprised of cross functional members) help set and approve relevant policies and provide direction on executing the developed sustainability strategies.

For example, the EHS Committee, appointed by the Corporate Operating Committee is composed of the following functions:

- Senior vice president of corporate supply chain operations
- Executive vice president of research and development and chief technology officer
- Vice president of EHS operations
- Vice president of public affairs
- Vice president of corporate research laboratory and international technical operations
- Vice president and medical director medical department
- Vice president of compliance and business conduct
- Vice president and general manager of Materials Resource Division
- Technical director of the Materials Resource Division
- Assistant general council

3M's Corporate Environmental Initiatives and Sustainability Group within the Environmental, Health, and Safety corporate staff organization collaborate with the various other global staff organizations and business units to develop the corporate sustainability strategy and goals. In addition 3M's all corporate staff groups provide additional technical expertise to assist business units and area management in implementing and meeting the corporate sustainability strategy, policies, and goals.

#### Identifying Opportunities & Risks Related to Sustainable Development

While the Board of Directors primary oversight of risk is with the Audit Committee, the Board has delegated to other committees the oversight of risks within their areas of responsibility and expertise. For example, the Finance Committee oversees risks associated with the Company's capital structure, its credit ratings and its cost of capital, long-term benefit obligations, and the Company's use of or investment in financial products, including derivatives used to manage risk related to foreign currencies, commodities, and interest rates. The Nominating and Governance Committee oversees the risks associated with the Company's overall governance and its succession planning process to understand that the Company has a slate of future, qualified candidates for key management positions. The Compensation Committee oversees the risks associated with the Company's compensation practices, including an annual review of the Company's risk assessment of its compensation policies and practices for its employees.

The Board believes that its oversight of risks, primarily through delegation to the Audit Committee, but also through delegation to other committees to oversee specific risks within their areas of responsibility and expertise, and the sharing of information with the full Board, is appropriate for a diversified technology and manufacturing company like 3M. 3M conducts extensive interviews, group assessments, and reviews by senior management for completion of risk analysis assessments to provide more customized and useful prioritized results. This process assures that the appropriate risks are properly identified as an enterprise risk, to

identify key "failure modes" that could lead to a risk incident, and to review and assess the quality of ownership of the risk and related resources available to assure proper avoidance, mitigation, and response capabilities. A gap assessment is completed to provide quantification on a common scale of the level of risk and 3M's corresponding capabilities relative to each enterprise risk identified. The outcomes are used to prioritize action plans for each topic. More detailed quantitative and qualitative sensitivity analyses may be conducted and cover topics such as operational risk (business continuity), raw material sourcing and price fluctuation, compliance, revenue forecasting, regulatory legislation, pricing and strategic planning processes, among many other areas. The chair of each committee that oversees risk provides a summary of the matters discussed with the committee to the full Board following each committee meeting. The minutes of each committee meeting are also provided to all Board members.

The Board also believes its oversight of risk is enhanced by its current leadership structure (discussed above) because the CEO, who is ultimately responsible for the Company's management of risk, also chairs regular Board meetings, and with his in-depth knowledge and understanding of the Company, is best able to bring key business issues and risks to the Board's attention.

The Board of Directors Public Issues Committee review public policy issues and trends affecting the company. The committee reviews and approves the company's response to stockholder proposals relating to public policy issues.

The Board of directors has determined that all Public Issues Committee members are independent under the New York Stock Exchange listing standards.

#### **PUBLIC POLICY**

With complex global operations and a wide range of businesses and markets, developing 3M public policy priorities can be a challenge. 3M manages this by working with local, national and international government agencies and through membership organizations. In the United States, an evaluation process developed by the 3M Public Affairs Department establishes a public policy agenda of issues impacting our businesses. Internationally, 3M managing directors of host country businesses are responsible for evaluating and determining key government issues in their respective countries.

#### **Top Public Policy Issues**

The Top-10 list of Priority Public Policy Issues serves as a roadmap for company activities to include lobbying, trade association work, executive involvement, political contributions, grassroots communications and advocacy involving employees and retirees, as well as meetings with federal and state government officials. In selecting which priority issues make 3M's Top-10 list, the company uses a number of screens. Chief among these screens are issues with the potential to significantly affect 3M's financial performance and/or our corporate reputation. Other screens are immediacy of impact on the company; situations in which 3M may be uniquely advantaged or disadvantaged; importance based on instinct and/or history; or employee/retiree satisfaction. This list of priorities helps the Corporate Public Affairs team focus on those issues that have the greatest impact on the company. Finally, and probably most importantly, the Top-10 list of issues helps to ensure that the many faces of 3M always speak

with a single, unified voice and it serves as the guide for advancing 3M's public policy goals and growth-through-government objectives.

Example: Top 10 3M Public Policy Issues in the United States (as of March 2012)

- (1) Tax Policy Tax reform is essential to ensuring the long-term competitiveness of American businesses and workers. 3M believes business tax reform should focus on a significant reduction of the corporate income tax rate, transitioning to a territorial system, and creating incentives for U.S.-based IP ownership. In addition, state tax policy should incentivize capital investment and sustainable job creation by rewarding plant expansion and modernization investments, and efforts to increase employment.
- (2) Regulatory Reform The U.S. regulatory environment plays a vital role in advancing the nation's economic security interests. So as to promote genuine competition and sustainable job creation, regulatory reforms must include thorough cost-benefit and risk assessments, while preserving the highest standards for safety, quality and efficiency. Efforts by certain federal agencies to extend their regulatory reach without congressional oversight must also be curtailed.
- (3) Labor Policy 3M supports the full measure of rights provided to employers and employees under the National Labor Relations Act. However, we strongly oppose recent actions by the National Labor Relations Board that challenge U.S. manufacturing leadership. In addition, we oppose any legislative or regulatory efforts to diminish or eliminate secret ballot elections for employees as relates to either accepting or rejecting union representation.
- (4) Sustainability/Environmental Policy 3M's strategies for sustainable development encompass the pursuit of customer satisfaction and commercial success within a framework of environmental, social and economic values. To that end, 3M has made significant investments designed to reduce the environmental footprint of our operations, investments which continue today. And by developing sustainable products, we help our customers reduce their environmental footprint and help to meet their sustainability goals. Finally, 3M believes environmental policy and regulations should be guided by science-based decision making.
- (5) Energy Policy National (and state) energy policy should ensure a continuous, reliable and uninterrupted supply of energy at competitive rates. 3M supports policies that address new sources of energy, alternative energy, faster adoption of technology and improved energy efficiency.
- (6) Health Care Policy The U.S. health system should remain market-driven and efforts to address the uninsured should not weaken the current employer-based coverage system. 3M believes implementation of the federal health care law should focus on increasing efficiencies within the system as well as improving quality outcomes and patient safety.
- (7) Legal Reform The U.S. legal system is the most expensive in the world, driven in large part by the wide-scale nature of lawsuit abuse. To ensure the legal justice system for businesses is fair, efficient and consistent, we support reforms making liability litigation more equitable, subjecting punitive damages to reasonable caps, and ending destructive practices such as indiscriminate screening, venue shopping and case bundling. Such reforms can be achieved without eroding the principle, which 3M supports, that those injured by faulty products

should receive fair compensation that is proportionate to the injury of the claimant and the fault of the defendant.

- (8) Transportation Infrastructure Policy The maintenance and improvement of the nation's transportation infrastructure which is important to 3M as a supplier of traffic safety and construction products, and as a user of the system can only be achieved if the Highway Trust Fund remains solvent. 3M believes all highway user fees should be dedicated to the fund; additional steps should be taken to crack down on fuel tax evasion; and Congress should consider other measures, if necessary, to ensure the fund's solvency.
- (9) International Trade Policy The U.S. economy and American jobs depend on the expansion of free and fair trade through the passage of new trade agreements. Additionally, 3M supports renewal of the president's Trade Promotion Authority so as to allow additional agreements to be negotiated. International trade policy also requires a level playing field, including recognition, protection, and enforcement of intellectual property rights and trading rules.
- (10) Homeland Security 3M believes our nation's homeland security and defense preparedness should be strengthened through improved border and immigration security, improved force protection measures, additional support for first responders, and planning for pandemics or other national emergencies.

#### **BUSINESS CONDUCT**

At 3M, we believe that what the company stands for is just as important as what we sell. For 110 years, 3M has operated with uncompromising honesty and integrity. 3M's global compliance program is managed and administered by the Compliance and Business Conduct department, led by the vice president, Compliance and Business Conduct, who is also the corporation's Chief Compliance Officer ("CCO"). The department is staffed with compliance professionals stationed at company headquarters and around the world. The CCO reports to the Audit Committee of the 3M Board of Directors, which assists the Board in oversight of 3M's legal and regulatory compliance efforts. The Compliance and Business Conduct department oversees and administers strategic, systematic and operational components of 3M's compliance program design and implementation. The compliance program is based on the U.S. Federal Sentencing Guidelines. Its elements include:

- a core set of business conduct policies;
- education and training materials and a schedule upon which compliance training is conducted;
- periodic evaluations, audits and measurements of the compliance program's effectiveness;
- a 24-hour helpline and website through which employees and others can report concerns and ask questions;
- programs to conduct appropriate due diligence on business partners, potential and new acquisitions, and candidates for hiring and promotion;
- investigative expertise; and,
- incentives and discipline to address compliance successes and failures.

The Compliance and Business Conduct department collaborates with and is assisted by dedicated compliance organizations and subject matter experts in the areas of corporate audit, corporate security, trade compliance, government contracting, health care regulatory, environmental health and safety and other areas. In addition, 3M utilizes a network of Compliance Contacts in every business unit and staff group who assist the Compliance and Business Conduct department in ensuring that their organizations continuously demonstrate legal compliance and ethical business conduct. Compliance Contacts assist in business conduct policy training, communications and completing periodic risk assessments for their organizations.

#### **Business Conduct Policies**

The Policies help employees and others acting on 3M's behalf take a consistent, global approach to key compliance issues. 3M employees, including supervisors, managers and other leaders are responsible for understanding the legal and policy requirements that apply to their jobs and for reporting any suspected violations of law or these policies.

#### **Business Conduct Committee**

The 3M Business Conduct Committee is comprised of several senior executives and is chaired by 3M's vice president for Compliance and Business Conduct. The Committee has oversight for 3M's various compliance efforts. The Business Conduct Committee reports jointly to the Audit Committee of the 3M Board of Directors and to the Corporate Operating Committee.

#### **Business Conduct Policies**

3M's Business Conduct Policies are an important component of the company's long tradition of compliance. Our Business Conduct Policies apply to all employees of the parent company and all subsidiaries throughout the world. They also apply to employees of joint ventures and other business affiliates in which 3M has a controlling interest. These global policies apply to all locations and situations where 3M business is conducted and to all company-sponsored events. Although 3M has business operations in more than 65 countries, there is only one set of Business Conduct Policies, available in multiple languages. The Policies help employees and others acting on 3M's behalf take a consistent, global approach to key compliance issues. 3M employees, including supervisors, managers and other leaders are responsible for understanding the legal and policy requirements that apply to their jobs and for reporting any suspected violations of law or these policies.

3M's Anti-Bribery Policy requires compliance with all applicable anti-bribery laws, including the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, and all applicable local laws where 3M operates. This policy applies to 3M employees and to our business partners who act on 3M's behalf. This policy, and 3M-provided training, are designed to educate our employees and business partners how to recognize the many forms in which bribes can appear and how to avoid them, even at the risk of losing business opportunities.

#### **Compliance Training and Education**

3M offers a comprehensive online compliance training program which is available to all employees worldwide. In addition to an anti-bribery course, the program offers training in related areas such as business across borders, understanding the Foreign Corrupt Practices Act, financial reporting, government relationships, business conduct, and other key compliance areas. More than twenty five courses are offered in multiple languages. In addition, the 3M

internal Legal Affairs website offers additional anti-bribery training on 3M's global anti-bribery compliance program.

All courses are available for employees to take at any time. However, 3M also requires certain employees to take specific courses on a periodic basis. To accomplish this, each course has a predetermined mandatory population based on employee job grade, job function and country location. Course completion is tracked electronically when an employee takes the course and passes a quiz. Executives and managers are accountable for creating and promoting, by sound leadership and setting a good example, a workplace environment in which compliance and ethical business conduct are expected and encouraged.

In addition to on-line training, the Compliance and Business Conduct department, in close collaboration with the Office of General Counsel, provides frequent, tailored in-person training to business, subsidiary and staff groups, as requested or deemed appropriate.

#### **Dedicated Reporting System**

A 24-hour confidential and anonymous helpline is available internally and externally through Ethics Point (an independent 3<sup>rd</sup> party firm) to report any business conduct concerns (see 3M Business Conduct weblink below). Reports made through this system are promptly investigated and responded to by the Compliance and Business Conduct department or one of the other staff departments. In addition, 3M's Non-Retaliation Policy prohibits retaliation against anyone who raises a business conduct concern in good faith or cooperates in a company investigation.

#### **Maintaining Business Conduct Compliance**

Operating with uncompromising honesty and integrity is one of 3M's core values and includes avoiding bribery or corruption in any form. One hundred percent (100%) of 3M's businesses perform a business conduct self assessment every other year which includes an assessment of risks related to corruption. Calibrated based on transaction, geography and other risk factors, all of our business partners are subjected to reputational due diligence reviews. Depending on the outcome, this process may also include training, inclusion of relevant contractual terms, and other mitigating controls. 3M's businesses and subsidiaries undergo an array of audits on a regular schedule. In addition, the Compliance and Business Conduct department collaborates with the Legal Affairs department on pre- and post-acquisition due diligence efforts and on extensive compliance reviews of selected businesses, based on a variety of risk factors.

By setting and implementing policies and conducting assessments, 3M ensures that compliance and ethical business conduct compliance are maintained throughout the organization.

#### Further Information:

3M Business Conduct Website and Policies: www.3M.com/Business Conduct

# IDENTIFYING KEY STAKEHOLDERS AND ASSESSING SUSTAINABILITY REPORTING MATERIALITY

This report and 3M's sustainability web site are the company's primary mechanisms to communicate sustainability information (principles, policies, programs, challenges & opportunities, performance) to stakeholders. Therefore, defining the scope and content of the remaining information provided in this report is extremely important. 3M uses the following tools and mechanisms to help define our Sustainability Report's content:

- Identification of 3M stakeholders and 3M key actions and engagement
- Stakeholder relevancy evaluation of information provided
- 3M's sustainability key indicators materiality evaluation
- Feedback from previous sustainability reports
- Investor and customer interests
- The Global Reporting Initiative (GRI) sustainability reporting guidelines

#### **3M STAKEHOLDERS AND KEY ACTIONS AND ENGAGEMENT**

3M participates and engages with numerous stakeholders regarding sustainability aspects and programs. The following resources provide guidance to the corporate stakeholder engagement process: AccountAbility's AA1000 Stakeholder Engagement Standard and "From Words to Action" The Stakeholder Engagement Manual Volume 2: The Practitioner's Handbook on Stakeholder Engagement created by AccountAbility, the United Nation's Environment Programme, and Stakeholder Research Associates

The major categories of 3M stakeholders and some of our key actions and engagements are identified in the table below. Subgroups were also identified for the major categories in the identification process, however are not listed. For example, "3M Employees" include the subgroups exempt employees, non-exempt employees, production employees, senior management, etc.

Major Stakeholders	3M Key Actions and Engagements
Employees  Customers	<ul> <li>Respecting human rights and diversity</li> <li>Supporting, optimizing, and promoting development and growth</li> <li>Ensuring a safe and healthy work environment</li> <li>Ensuring equal opportunity.</li> <li>Providing competitive compensation and benefits.</li> <li>Providing diverse innovative product solutions and high valued</li> </ul>
Customers	<ul> <li>Providing diverse innovative product solutions and high valued customer service/support</li> <li>Offering a diversified portfolio of safe, reliable, dependable and sustainable products</li> </ul>
Investors	<ul> <li>Delivering profitable returns on investment</li> <li>Disclosing timely, concise, and relevant information (Economic, Environmental, and Social)</li> <li>Responsive to inquires</li> <li>Upholding corporate values</li> </ul>
Government/Regulators	<ul> <li>Complying with laws, regulations, and policies</li> <li>Supporting and engaging on development/modification of changes</li> </ul>
Business Partners (Suppliers/Contractors)	<ul> <li>Selecting credible suppliers and contractors that meet or exceed expectations.</li> <li>Supporting collective efforts to deliver business results</li> </ul>
Local Communities	<ul> <li>Supporting and engaging in citizenship activities</li> <li>Providing economic and social value to community, while minimizing environmental impact.</li> </ul>
Academia/Scientific Organizations	<ul> <li>Engaging on technical scientific research to develop innovative solutions to society</li> </ul>
Media	<ul> <li>Ensuring 3M is represented accurately with current information</li> </ul>
Non-Profit Organizations/NGOs	<ul><li>Partnering to understand societal concerns</li><li>Providing support to advance and solve global issues</li></ul>

#### DETERMINING SUSTAINABILITY REPORTING MATERIALITY AND STAKEHOLDER RELEVANCY

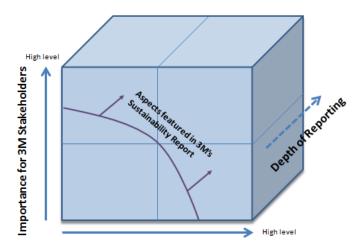
We identify and evaluate sustainability aspects and their associated key performance indicators based on what is materially relevant and important to 3M to achieve long-term sustainable operations [Note: Materiality for the purposes of sustainability reporting is not limited only to those sustainability topics that have significant financial impact on the organization as defined by the Securities and Exchange Commission (SEC) for financial reporting]. In addition, the relevancy of the same aspects and key performance indicators are evaluated for our identified global stakeholders groups. Materiality, as defined by the Global Reporting Initiative (GRI) guidelines, includes topics and indicators that reflect the organization's significant economic, environmental, and social impacts or would substantively influence the assessments and decisions of stakeholders.

Key global societal trends (e.g. resource scarcity, emerging economies, growing/aging populations, poverty, technology shifts, and environmental impacts) along with 3M strategies, processes, GRI Indicators, and additional industry recognized key performance indicators are

factored and integrated into the analysis. The principles of materiality as defined by the AA1000 Guidance on Materiality and the Global Reporting Initiative (GRI) G.3.1 Materiality principles are applied throughout 3M's evaluation process and assist in prioritizing the level of materiality importance and relevancy to our stakeholders of the recognized sustainability aspects:

- Relevancy and importance to stakeholders (AA1000-Stakeholder Behavior and Concerns)
- Contribution and connection to corporate strategies and core values (GRI-Strategy)
- Level of direct financial impact-long term and short term (AA1000-Direct Financial Impact)
- Relevancy of topic to industry section (AA1000-Organizational Peer Based Norms)
- Level of connection to laws, regulations, international agreements with strategic significance to the organization or stakeholders (AA1000 Societal Norms)
- Level of organization's specialized knowledge to contribute to sustainability in focus area (AA1000-Related Performance)

#### **OUR MATERIALITY MATRIX**



Importance for 3M (Sustainability Success)

In 2011, this analysis was completed internally using 3M subject matter experts with a range of perspectives and positions related to each of the identified sustainability aspects and key performance indicators. Their input for stakeholder relevancy was based on 3M interactions with the identified stakeholder groups. This evaluation was not done directly with a cross-functional team representing all stakeholder groups. 3M continues to increase engagement with our stakeholders both internally and externally and integrating the outcomes of those interactions into our sustainability strategy and processes.

An evaluation scheme of (9) High, (3) Medium, (1) Low, (0) Not Applicable for both relevancy and materiality importance with associated factors was utilized. Aspects and related performance indicators that showed high relevancy/importance to stakeholders and/or highly material/important for 3M (from a sustainability success perspective) using the above criteria were considered as key elements to include in the report.

For example, aspects relating to innovation, sustainable products, diversified workforce, and 3M's environmental footprint along with the respective associated key performance indicators are both highly important and relevant to 3M and our stakeholders, therefore are addressed in this report.

3M also included aspects that are either highly important/material to 3M's sustainability success but may not be as highly relevant to all of our stakeholders (e.g. Occupational Safety and Health) and also those that are highly relevant to stakeholders but not as material to 3M's sustainability success as other aspects (e.g. Biodiversity).

Focusing and reporting on aspects that are most material to 3M's sustainability success and also most relevant to our stakeholders will enhance and advance 3M's sustainability performance and contribute to a more sustainable future. This sustainability success starts with having a Sustainability Vision and Strategy.

#### 3M's Sustainability Vision and Strategy

#### **OUR SUSTAINABILITY VISION**

3M's commitment is to actively contribute to sustainable development through environmental protection, social responsibility and economic progress. To us, that means meeting the needs of society today, while respecting the ability of future generations to meet their needs. Strategic Sustainability Principles

In 2008, 3M launched a project to develop three strategic principles around sustainability. 3M's strategies for sustainability encompass the pursuit of customer satisfaction and commercial success within a framework of environmental, social and economic values. These principles were developed to provide 3M businesses and corporate staff groups with a flexible framework to engage our customers and key stakeholders around sustainability including help our customers address environmental challenges through 3M products and technologies.



- <u>Economic Success</u>: Build lasting customer relationships by developing differentiated, practical and ingenious solutions to their sustainability challenges.
- <u>Environmental Protection</u>: Provide practical and effective solutions and products to address environmental challenges for ourselves and our customers.
- <u>Social Responsibility</u>: Engage key stakeholders in dialogue and take action to improve 3M's sustainability performance.

#### 3M's Key Sustainable Development Objectives

For more than 100 years, 3M has achieved consistent, profitable growth by creating innovative products, establishing strong relationships with customers and boosting operational efficiency. At the same time, we've created a culture that promotes employee pride and well-being, fosters integrity and supports social and environmental responsibility. Each year, 3M continues to move toward sustainability and strives to raise the bar on corporate environmental, social and economic management. In order to ensure continuous improvement, we annually reevaluate and/or identify new key sustainability objectives for the company.

These key issues are identified through 3M's management systems (e.g. Enterprise Risk Management, EHS Management Systems, Human Resource Management, Life Cycle Management, Supply Chain Management, Manufacturing and Operations Management) and input and feedback from our stakeholders. A few of 3M's key objectives regarding sustainable development include:

- Manage our environmental footprint.
- Develop solutions that address environmental and social challenges for our customers and society.
- Assure our products are safe for their intended use and throughout their entire life cycle.
- Assure the appropriate management of any 3M health and safety issues that may impact customers, neighbors and the public.
- Maintain a safe and healthy workplace.
- Satisfy our customers with superior quality and value.
- Provide a supportive, engaging, and flexible work environment.
- Support local needs and education in communities where 3M employees live and work.
- Conduct our business with the uncompromising honesty and integrity.
- Provide an attractive return for our investors.

#### OUR 2015 SUSTAINABILITY GOALS AND TARGETS

Although 3M has been setting environmental goals and targets since 1990, our new set of goals established in 2010 reflect all three pillars of Sustainability and include Environmental Stewardship, Social Responsibility, and Economic Success. These goals and targets have been approved by the EHS Committee and the Corporate Operating Committee. A summary of results from previous goal periods are listed under the related sections within MANGEMENT APPROACH and PERFORMANCE. 3M has made great progress in 2011 on each of the 2015 goals and will continue to strive toward a more sustainability future for our company and those we serve.

## 2015 Sustainability Goals

Environmental Stewardship Goals	Target		2011 Status
Reduce Volatile Air Emissions (VOC) 15% indexed to net sales from 2010 base year.	Year-End 2015	•	8.6% VOC Reduction Indexed to Net Sales from 2010 Base Year
Reduce Waste 10% indexed to net sales from 2010 base year.	Year-End 2015	•	9.2% Waste Reduction Indexed to Net Sales from 2010 Base Year
Improve Energy Efficiency (energy use) 25% indexed to net sales from 2005 base year.	Year End 2015	•	32% Reduction of Energy Use Indexed to Net Sales from 2005 base year.
Reduce Greenhouse Gas (GHG) Emissions 5% indexed to net sales from 2006 base year.	Year End 2011	✓	55% Reduction of GHG Emissions Indexed to Net Sales from 2006 base year.
Develop Water Conservation Plans for 3M sites located in water stressed or hyper-stressed areas as defined by the Mean Annual Relative Water Stress Index maintained by the World Business Council for Sustainable Development (WBCSD)	Year-End 2015	•	Water Conservation Plans have been developed for all sites identified as being in water stressed/hyper stressed areas in 2010. Next assessment-2012.

✓ Completed • In Progress O Not Started Yet ➤ Did not Meet

Social Responsibility Goals	Target	2011 Status
Promote a Road to EHS Excellence at New 3M Sites	Year-End 2015	Formal processes are in place to assess all new 3M facilities to determine their compliance with applicable EHS regulations and alignment with 3M's EHS management systems and related corporate expectations. Risk-based prioritized action plans are developed, with timelines to address gaps. Progress is tracked regularly through plan completion to assure sites are in full conformance with all 3M expectations.
Develop Community Stakeholder Engagement Plans for Select Manufacturing Sites	Year-End 2015	Approximately 70 manufacturing sites have completed plans. Another 16 site will be added in 2012.

### 2015 Sustainability Goals (Continued)

Economic Success Goals	Target	2011 Status
80% of Supplier Spend is reviewed to drive conformance with 3M EHS, Transportation, & Labor/Human Relations Standard in select countries	Year-End 2015	As of 2011, 74% of Supplier Spend has been reviewed.
Enhance the Environmental Sustainability Attributes of New Products	Year-End 2015	<ul> <li>3M launched several new products.</li> <li>3M established a system to evaluate and track the sales of new products with an environmental advantage.</li> <li>3M intends to start reporting aggregate sales of new products with an environmental advantage in the future as comprehensive data becomes available.</li> </ul>

✓ Completed • In Progress O Not Started Yet ➤ Did not Meet

Additional objectives and targets not formally approved by the EHS committee and operating committee are provided in the Safety and Health section.

#### SUSTAINABLE MANAGEMENT APPROACH AND PERFORMANCE

#### **ECONOMIC SUCCESS**

An innovative company cannot be built just on inanimate lab or mathematics alone. It is built on a belief in the power of research and development, belief in our people and their work, and a deep conviction that the collective power of their imagination and creativity will generate future opportunity and financial betterment for the company.

In 2011, the following growth strategies were set for the company and highlight expanding focus on relevancy to our customers, innovation opportunities, regional self-sufficiency, diversity and operational excellence.

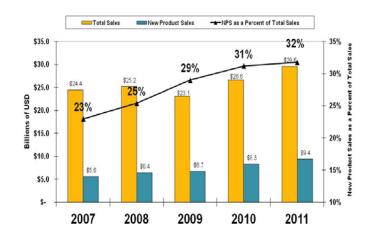
#### Our Strategies

- Expand Relevance to our Customers and our Presence in the Marketplace
- Gain Profitable Market Share and Accelerate Market Penetration Everywhere
- Invest in Innovation: Invigorate Existing Market Opportunities and Focus on Emerging Megatrends
  - Intensify Capabilities to Achieve Regional Self-Sufficiency
    - Build High Performing and Diverse Global Talent
  - Drive Consistent Superior Levels of Operational Excellence



#### **ACCELERATING INNOVATION**

3M has a long standing reputation as being a company committed to innovation and dedicating a large percentage of revenue to research and development (R&D) around the world (2011-\$1.5 billion (USD)). In addition to having extensive resources at the headquarters in Minnesota, 3M has been rapidly expanding operations around the world and now operates approximately 80 laboratories and technology centers globally. 3M continues to invest in R&D to drive



global growth of the company with emphasis being placed on organic growth. The increased R&D spending is reflected in the New Product Vitality Index (NPVI) which is currently at 32%

and continues to increase. The NPVI is the percentage of net sales of products introduced within the last five years as compared to total net sales.

Leveraging strategic partnerships with several external entities enables 3M to integrate a rich diversity of thinking and open innovation into superior technologies, business assets, and innovative products. The seven phase New Product Introduction process 3M uses provides a robust framework for developing products from idea to launch. Several other tools and systems are in place to promote, manage, and evaluate the innovation process. These include but are not limited to technical committees, tracking systems, and customer interaction mechanisms.

#### DRIVING GROWTH THROUGH NEW PRODUCTS WITH ENVIRONMENTAL ADVANTAGES

In 2010, 3M set a new goal as part of its 2015 sustainability goals to "further increase the sales of new products with environmental attributes." Progress towards this goal will be measured by looking at the percentage of sales in 3M's New Product Vitality Index (NPVI) that come from products with an environmental attribute. Environmental product innovations must meet all of these criteria: 1) Not pose any significant environmental, health, and safety concerns; 2) Environmental attribute must be relevant to product type and market place; and 3) Contain one or more of the 3M product environmental sustainability attributes. Environmental attributes across the products entire lifecycle will be considered including:

- Raw materials
- Manufacturing
- Product design
- Customer use, and
- Disposal (i.e. products that can be recycled).

Substantial additional guidance and evaluation criteria are used internally to define which products qualify. In 2011, 3M began initial tracking of new products with environmental attributes in accordance to the guidance and criteria.

#### Further Financial Information:

3M's 2011 Annual Report (10K) and 2012 Proxy Statement: www.3M.com/InvestorRelations

#### ACHIEVING CUSTOMER SATISFACTION AND QUALITY PRODUCTS

#### **Getting Closer to our Customers**

Serving our customer base locally, while still maintaining a global network is one of our global strategies to drive innovation, strengthen local resources/suppliers, and better serve our customers around the world. We believe by moving the research and development process closer to our global customers we will develop products that more specifically address the needs of the respective global markets. That is why 3M has been working to develop local research and development and technical centers, increase our use of local suppliers and build manufacturing capacity closer to customers.

#### Today 3M has

- 3,700 technical service staff working in many different countries
- 30 customer technical centers, including new ones in Dubai, Colombia, Malaysia, Delhi, Bangalore

35 R&D laboratories, including a new state of the art lab in Bangalore, India

#### **Responding to Customers**

3M has a variety of mechanisms to listen, gather, and importantly act on feedback from customers in the marketplace. 3M's main customer contact center is staffed 24/7 with trained personnel to direct customer inquiries to the correct resources. The director of Corporate Quality and Lean Six Sigma has overall responsibility for customer satisfaction. In addition, independent quality managers, not reporting to the manufacturing organization, staff each division. They review customer feedback with key stakeholders and assure that all questions are addressed in a professional, timely, and effective manner.

#### **Quality Management Systems and Products**

3M's Corporate Quality Management and Quality Network are lead by the Strategic Quality Leadership Team supported by the Quality Council. The strategic quality leadership team sets strategy, identifies common opportunities for improvement, and directs global synergy across all business units within 3M. The Quality Council includes all quality leaders from divisions, facilities, and countries where 3M has operations and responsible ensuring the deployment of best practices and the implementation of the Quality Management System company-wide.

From the purchase of raw materials through manufacturing, packaging, marketing, wholesale and retail sales, inventory control, distribution, service, and support, invoicing, collection, warranty claims and more, there are many opportunities for 3M to drive customer focused quality improvement along the entire chain of activities. Satisfying our customers with innovative technology and superior quality, value and service is one of 3M's core values.

An effective Quality Management System assures that 3M has processes in place to produce products and deliver services that consistently meet customer requirements. As of year-end 2011, 73% of sites have an ISO registered Quality Management System (ISO 9001, ISO 13485, TS 16949, TL9000, and AS9100).

#### **ENVIRONMENTAL STEWARDSHIP**

Environmental stewardship at 3M is based on the principle of providing practical and effective solutions and products to address environmental challenges for both ourselves and for our customers. Setting and implementing global environmental policies, management systems, and tracking and maintaining key performance metrics enables 3M to continually integrate and drive environmental stewardship throughout the organization.

#### LONG HISTORY OF COMMITMENT

3M has been making continuous progress toward reducing the environmental impact of our products and associated processes. In 1975, 3M's commitment to environmental stewardship was formalized when the Board of Directors adopted the 3M Environmental Policy. This global policy, still in effect today, is believed to be the first policy providing a framework with measureable results from a major manufacturing company. It is a comprehensive statement of 3M's environmental commitment, emphasizing preventing pollution at the source. The executive Environmental, Health and Safety (EHS) Committee, reporting to the Corporate Operating Committee provides oversight of 3M's environmental programs. Environmental stewardship is integrated into each of the six business units globally ensuring consistency and innovative

environmental thinking. As reflected by our environmental performance indicators and 2015 Sustainability Goals environmental stewardship is core corporate commitment backed by decades of proven performance.

#### **ENVIRONMENTAL MANAGEMENT SYSTEMS**

3M has extensive global environmental management systems in place to identify, track, and manage relevant information indicative of corporate-wide environmental performance. These include management systems covering a full range of environmental compliance and performance metrics relevant to 3M operations, including the following critical elements and further described below:

- Environmental compliance management
- Climate change management
- Energy management
- Air quality management
- Waste management
- Water management
- Biodiversity management
- Product life cycle management
- Sustainable Packaging

Information and performance data on a majority of these program elements is tracked and reported on through corporate electronic reporting systems. 3M Environmental, Health, and Safety scorecards published quarterly include environmental performance data at the facility, division, business unit, and corporate levels and are reviewed by executive management for performance. This enables 3M to monitor and identify successes, risks, and opportunities for improvements and reductions worldwide.

#### **ENVIRONMENTAL COMPLIANCE MANAGEMENT**

3M operations are subject to global environmental laws and regulations including those pertaining to air emissions, wastewater discharges, toxic substances, and the handling and disposal of solid and hazardous wastes. These laws and regulations are enforceable by national, state and local authorities around the world. 3M strives to be 100% compliant with all global environmental requirements and regulations.

3M's multi-faceted strategy for implementing environmental management systems and global auditing of environmental compliance for our operations is key to understanding any potential gaps and gain resolution quickly. All manufacturing facilities are required to complete a Global Environmental Management Self-Assessment at least annually, which consists of a detailed evaluation of each facility's systems for ensuring environmental compliance and management system performance. In addition, greater than 90% of 3M's manufacturing sites have ISO 14001 certified (or equivalent) management systems which are reviewed by an independent 3rd party as required by that standard.

Key objectives of the environmental auditing program include:

- To measure and assure that procedures, practices and programs comply with environmental regulations
- To identify potential environmental concerns and establish plans to address them

- To apprise management on compliance matters
- To assure 3M environmental policy and standard expectations are met

Following are several key aspects of 3M's auditing program:

- All manufacturing, distribution and laboratory operations are audited for environmental compliance on a frequency determined based on relative risk
- At least annually, all global operations are assessed against a variety of criteria to establish a prioritized list of facilities for compliance auditing
- 3M uses a variety of tools and resources for compliance auditing, including:
  - Internally-developed compliance protocols, created by subject matter experts in regulatory programs and 3M processes
  - 3M's Global Environmental Management Self-Assessment as an evaluation tool reference
  - Externally-purchased compliance protocols, especially for international operations, to ensure local compliance obligations are understood
  - o Internal environmental compliance experts from around the company
  - External environmental consultants as needed to provide additional expertise and
     3rd party verification of our auditing protocols
  - Complete and robust documentation of audit findings, assignment of responsibility and due dates for closure of findings, and detailed review of findings closure to assure corrective actions are appropriate and sustainable.

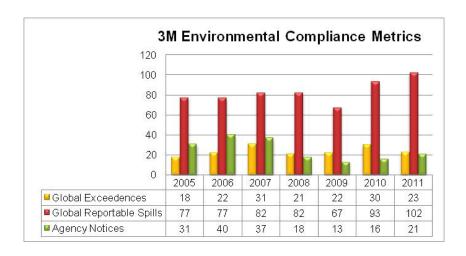
3M's environmental auditing program is audited periodically by 3M's Corporate Auditing department.

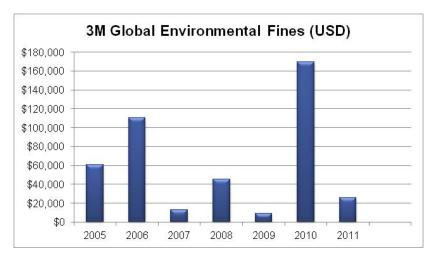
#### **Environmental Compliance Metrics:**

All 3M facilities globally are required to report environmental exceedences, spills, agency notices, and fines through 3M's Worldwide Incident Management System (WIMS). These are defined as follows:

- <u>Exceedences</u>: Emissions or other environmental parameters above permitted or allowable regulatory levels
- Reportable Spills: Spills required to be reported to a regulatory agency or government organization
- Agency Notices: Notices received by 3M for allegations from an environmental regulatory or permitting requirement
- <u>Fines</u>: Compensation paid by 3M to discharge an administrative fine or penalty imposed by an environmental regulatory agency.

The charts below provide environmental compliance metrics for 2005-2011 in each of these four areas.





The Worldwide Incident Management system was implemented in 2010 as the new corporate-wide database for reporting all EHS incidents. Several different systems were utilized in the past. The increase in global spills shown in the chart is due to the increased awareness of responsibilities, understanding of the WIMS system, and more consistent reporting requirements adhered to in 2010 and 2011. 3M continues to advance uniform use of this corporate-wide incident reporting system across the company for all types of EHS incidents.

Global environmental fines reported herein include more than the GRI definition of significant and reportable in 3M's annual financial report (10K), as global fines regardless of significance are tracked and reported through 3M's Worldwide Incident Management System. The increase in 2010 was the result of fines incurred at one of our US manufacturing sites.

#### **CLIMATE CHANGE**

Greenhouse gas (GHG) emission reductions have been a priority for a long time at 3M. Although the science of global climate change is evolving, 3M has taken voluntary, responsible action to reduce and control GHG emissions. In addition to managing direct emissions from 3M operations, 3M has a decades-long track record of improving energy efficiency at our facilities and offers a wide range of innovative products to help our customers improve energy efficiency and reduce carbon footprints (see Energy Efficiency section below).

The Corporate Environmental Health and Safety (EHS) Committee is responsible for all final decisions on climate change strategy and GHG emissions. This includes setting Corporate GHG emission reduction goals and policies. For climate change strategy and GHG emission advice the Corporate EHS committee has appointed the corporate Climate Change Steering Team. Complementing the efforts of the Climate Change Steering Team, 3M's business continuity planning process and crisis management program review and manage risks posed to the company's physical operations and supply chains that may be affected, for example, by severe weather events and longer term trends.

#### **Guiding Principles**

3M's approach to global climate change is based on several principles:

- 3M supports the long-term goal of sustainable development; the company is committed to continuous and measurable improvement in environmental performance as a means of achieving that goal.
- Although the science of global climate change continues to evolve; 3M believes that sufficient information exists to take voluntary, responsible action to reduce its greenhouse gas footprint.
- 3M recognizes the activities of the United Nations Framework Convention on Climate Change, and intends to participate in the ongoing dialog over strategies to address potential global climate change issues.
- 3M endorses a voluntary approach that involves all nations. If reductions are mandated by regulation or legislation, 3M endorses a uniform market-based approach that includes all nations; this approach should also include provisions for emissions trading, and credit for early action.
- 3M supports continued research to assess the scientific and economic impacts of strategies to address climate change, while considering the interrelationship to other environmental regulations and issues.
- 3M applies its environmental goals and standards, including those pertaining to greenhouse gas reductions, consistently around the world.

#### **Management Commitments**

To address the issue of climate change, 3M has committed to:

- Develop and maintain an inventory of greenhouse gas emissions.
- Continue to improve energy efficiency on a production basis in manufacturing and administrative operations. This includes all aspects of direct and indirect use of fossil fuels.

- Manage emission of greenhouse gases to optimize reductions and cost benefits.
- Assess the potential use of renewable energy sources at 3M operations.
- Increase the use of energy efficiency products within 3M operations and encourage their use by 3M suppliers and customers.
- Incorporate an evaluation of environmental and energy impacts throughout the full product life cycle (from raw material acquisition through manufacturing, use, and disposal) as part of the company's Life Cycle Management assessment process.
- Invest in research and development to create new products and technology that will reduce the generation and emissions of greenhouse gases.
- Develop partnerships and participate in a positive dialog with governmental agencies and other organizations engaged in the climate change issue.

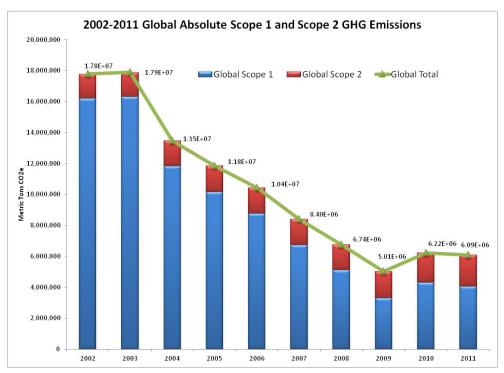
#### **History of Climate Change Reductions**

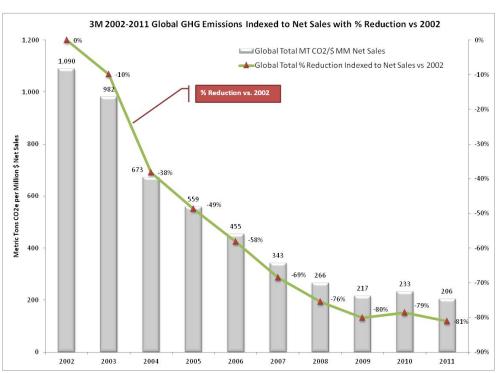
3M understands the impacts and reduction efforts associated with greenhouse emissions require long term commitment as the affects of both are not realized in one year alone. Therefore, implementing reduction initiatives have been a key 3M corporate priority. 3M's greenhouse gas management strategy includes a rigorous greenhouse gas accounting system to generate an annual inventory of worldwide emissions. The process and associated GHG emissions reported from 1990-2002 were validated by an external 3<sup>rd</sup> party consultant. Since 2002, the global 3M inventory has been developed, maintained and 3<sup>rd</sup> party verified by 3M's ISO/IEC 17025 accredited laboratory in accordance to the World Resource Institute (WRI)/World Business Council for Sustainable Development (WBCSD) GHG Protocol. The data charts below reflect 2002-2011 results.

The total GHG Inventory encompasses the company's diversity and complexity. A total of approximately 600 facilities including R&D, manufacturing, distribution centers, and administrative support offices within 3M' operational control are accounted for in the current inventory. Both Scope 1(direct) and Scope 2 (indirect) emissions as categorized by WRI are included. 3M tracks and reports both absolute and indexed to net sales emission data.

With the publishing of the WRI/WBCSD GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard in October, 2011, 3M has been working on developing a Scope 3 emissions inventory. While emissions could be estimated for most Scope 3 upstream categories, 3M places a high value on sound science and decision-making and has elected not to publicly report Scope 3 GHG emissions due to a high, unverifiable level of uncertainty in any emissions estimate.

### Total Greenhouse Gas Emissions (2002-2011)-Absolute and Indexed





#### **Greenhouse Gas Reduction Goals**

We are very proud of the reductions that we have made. In the area of greenhouse gas (GHG) emissions, 3M has established and met two rounds of reduction goals. The first set of goals was established in 2002, a US-based goal, that was set as part of our participation in the US EPA's Climate Leaders program, to reduce absolute U.S. GHG emissions by 30% reduction from 2002 - 2007, and a stretch global-goal to reduce our absolute 1990 GHGs by 50% by 2005. We achieved our US base goal by reducing GHGs by 53% during that time period. We achieved our stretch 50% reduction goal in 2006 when we reduced our 1990 GHGs by 62% (we just missed the global 50% reduction in 2005 by a few percentage points).

Our next GHG goal was established in 2007. It called for a 5% reduction, indexed to sales, by 2011 from a 2006 base. Final results for this goal were determined in May 2012. We achieved a 55% indexed reduction from 2006 through 2011. Our reduction far exceeded our goal due to strong growth in global sales, effective emissions control technology, and strong employee energy efficiency efforts. 3M is currently working to establish its next GHG reduction goal(s). We hope to establish a new goal in 2012. The following considerations are part of our current GHG goal setting effort:

- How to best align our new goal with 3M's sustainability principles & strategy;
- Relative materiality and impact by 3M on global GHG emissions throughout its supply chain;
- Possible new goal structures; and
- 3M system changes that may be required.

Goal Period	Goal Program	GHG Goal	GHG Goal Period Results
1990-2005	Global GHG Reduction Goal	*Aspirational Target: Reduce Absolute GHG emissions by 50% from 1990 base year	62% Reduction (Absolute)-in 2006
2002-2007	US EPA Climate Leaders Goal Program	Reduce Absolute GHG emissions in the United States by 30% (include Kyoto and non-Kyoto GHG emissions)	53%Reduction (Absolute)
2006-2011	Environmental Targets	5% Reduction GHG emissions (Scope 1 and Scope 2) Indexed to Net Sales	55% Reduction (Indexed)
Total Reductions (Absolute) 1990-2011		72%	
Total Reductions (Absolute) 2002-2011		66%	
Total Reductions (Indexed to Net Sales) 1990-2011		92%	
Total Reduction	s (Indexed to Net Sales)	2002-2011	81%

#### **Product Carbon Footprint Evaluations**

3M conducts product carbon footprint evaluations as part of the product Life Cycle Assessment process on select products, and is engaged with key stakeholders to improve and refine common metrics for such analysis. 3M defines a product carbon footprint as greenhouse gas (CO2 equivalent) emissions resulting from a product across its entire life cycle -- including raw material acquisition, manufacturing, transport, storage, use, and disposal of the product. To calculate carbon footprints, 3M applies currently available standards and tools (e.g., WRI/WBCSD GHG Protocol Product Life Cycle Accounting and Reporting Standard). One of the challenges in this area is the wide range of potential approaches and assumptions being utilized for such calculations. To address these issues, 3M supports further development of common metrics and is working with the World Resource Institute and World Business Council for Sustainable Development (WRI/WBCSD), peer companies, governments, and environmental organizations. The goal of these efforts is to enable 3M and others to provide cost-effective, accurate and useful information to customers and other stakeholders.

#### **Managing Carbon Offsets**

Using product carbon footprint information, 3M has offset greenhouse gas emissions from certain products through the purchase of carbon offsets. To consistently manage carbon offsets, 3M adopted a Product Carbon Footprint Offsets Standard (available at <a href="https://www.3M.com/sustainability">www.3M.com/sustainability</a>). This standard addresses the requirements for the calculation of product carbon footprints and the management of product carbon offsets. This standard also establishes criteria for the carbon footprint methodologies applied and acceptable qualified offsets, such as Voluntary Carbon Standard offsets (VCSs) from Certified Emission Reductions (CERs) and Renewable Energy Credits (RECs) from Verified Emission Reductions (VERs).

Through December 2011, 3M businesses have acquired carbon offsets for product greenhouse gas emissions from seven different product lines across four business market sectors. For these efforts, 3M Japan received the Encouraging Prize of the Carbon Offset Award from CO-Net in Japan in 2012.

#### **Regulatory Impacts**

Emission reporting obligations in the United States and emission control requirements under the European Union emission trading scheme apply to 3M operations in these jurisdictions. Currently, two 3M facilities (France and Belgium) are required to hold emission allowances under the European Union emission trading scheme. At both facilities, for all compliance periods to date, actual greenhouse gas emissions have remained below the emission credit allocations awarded by the applicable regulatory agencies. In 2011, 3M facilities in the United States began reporting greenhouse gas emissions under the USEPA Greenhouse Gas Reporting Rule.

#### **Physical Risks**

Severe weather and long term trends could affect 3M's operations and supply chain. To address these and other risks, 3M has developed and maintains a systematic Business Continuity and Planning Process and Crisis Management Program. To implement this process and respond to specific incidents, 3M's Corporate Crisis Management coordinates efforts of

local crisis management teams maintained at each 3M facility and international subsidiary. Corporate and local plans take into account natural disaster, infectious disease, employee safety, protection of assets, customer service and other business continuity requirements that may impact specific facilities and businesses. Every year, the local crisis management team must review and update their plan to reflect current conditions and performs a tabletop or actual crisis response exercise. 3M Corporate Auditing and Corporate Security monitor facility compliance with the Corporate Crisis Management Program.

3M mitigates supply chain risks through a variety of management practices, including multisourcing raw materials, pre-qualification of potential outsource manufacturers, maintaining appropriate stocks of raw materials and contingency plans with key suppliers to ensure allocation to 3M in the event of supply disruption.

#### **Further Climate Change Information**

www.3M.com/Sustainability (Policies and Reports)

- 3M Climate Change Position Statement
- 3M Greenhouse Gas Management Policy
- 3M Product Carbon Footprint Offsets Standard

#### **ENERGY EFFICIENCY**

At 3M, energy management is global, comprehensive, and extends beyond energy efficiency efforts in factories and buildings. It is a team effort guided by the global Corporate Energy Policy. Energy management responsibilities are coordinated by the Corporate Energy Management team which was established in 1973, with oversight by 3M's corporate energy manager and senior engineering vice president, with active support from the CEO. The team involves personnel from purchasing, environmental operations, facility operations, finance, sourcing, engineering, energy management and corporate marketing and public affairs. Each department provides cross functional contributions; ensuring energy efficient technology is being used, opportunities are being identified in the design process, renewable energy opportunities are identified and financed, and data is tracked routinely and consistently by facilities.

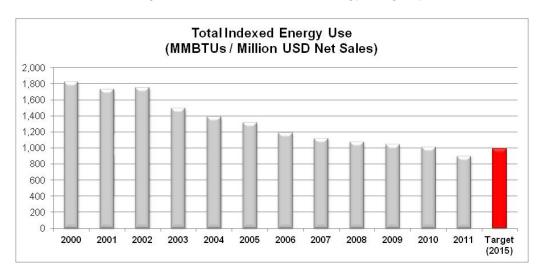
## **Setting Energy Performance Goals and Evaluating Progress**

In 2010, as part of our 2015 Sustainability Goals, 3M set a global goal to increase energy efficiency (resulting in decreased greenhouse gas emissions) by 25% in 2015 from a 2005 base year (as measured by worldwide energy use indexed to net sales).

3M collects and analyzes energy-use data and energy efficiency project metrics to: track progress toward corporate energy and greenhouse gas goals; identify opportunities for improvement, benchmark against past performance, and identify best practices that can be applied across global operations. All manufacturing locations and other locations greater than 30,000 square feet report energy use and energy costs into an electronic reporting system monthly. Data is analyzed at the facility, division, business unit, and corporate levels quarterly for 3M's six major business units (210 locations in 42 countries) as part of 3M's EHS Management System Scorecard previously described.

## **Total Energy Use (2000-2011):**

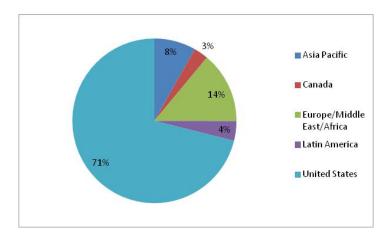
3M's commitment to improving energy efficiency is evident in the figures and goals summary below. From 2000 through 2011, 3M has reduced energy usage by 59% indexed to Net Sales.



# Total Energy Use (2000-2011)-(Continued)

Year	Total Energy Usage (MMBTU)	Total Energy Usage (GigaJoules)
2000	30,533,984	32,215,185
2001	27,797,465	29,327,994
2002	28,647,967	30,225,324
2003	27,272,839	28,774,481
2004	27,730,013	29,256,827
2005	27,887,026	29,422,485
2006	27,234,865	28,734,416
2007	27,421,795	28,931,639
2008	27,161,187	28,656,681
2009	24,179,087	25,510,388
2010	26,909,328	28,390,955
2011	26,670,206	28,138,667

# 2011 Total Energy Use by Region (MMBTUs)



# 2011 Energy Use by Region (MMBTUs)

			-				
					Gasoline and	Propane and	
Region	Electricity	Steam	Natural Gas	Fuel Oil	Diesel	Jet Fuel	Coal
Asia Pacific	1,309,332	27,199	334,673	401,185	102,907	9,964	0
Canada	217,798	0	541,448	0	0	0	0
Europe/Middle East/Africa	1,551,399	254,177	1,911,681	11,317	4,718	0	0
Latin America	471,937	0	448,346	74,045	2,109	30,813	0
United States	6,104,626	551,444	11,877,766	62,512	93,442	275,499	0
TOTAL	9,655,091	832,820	15,113,913	549,059	203,176	316,276	0

## **History and Energy Goal Results**

Goal Period	Goal Program	Energy Goal	Total Energy Results
2000-2005	Environmental Targets	20% Reduction in total energy	27% Reduction
	(ET'05)	(indexed to net sales)	(indexed to net sales)
2005-2015	Sustainability Goals (Environmental Stewardship	25% Reduction in total energy (indexed to net sales)	32% Reduction-through 2011 (indexed to net sales)
Total 2000-2011			59% Reduction (indexed to net sales)

## **Investing in Renewable Energy**

3M is investing and installing on-site renewable energy within our own operations and continuing to expand and collaborate with external partnerships. Currently 0.82% of 3M energy used is from renewable sources. A few examples within the company include:

- Pioltello, Italy (3M Italy Headquarters-New 2010): This facility's external building shell was designed for effective control of solar light through a system that allows light to enter and at the same time provides protection from UV rays to help reduce the demand for air-conditioning in hot summer months. Photovoltaic panels on the upper part of the building are expected to supply 100,000 kWh of energy to the building annually and heating and cooling are implemented through a geothermal system. A number of the building's features further support sustainability, including a high-efficiency heat recovery system, high thermal performance glazing and an external shielding system.
- Perth, Canada: In 2006, this Perth manufacturing facility installed a 2000 square foot solar wall on the south side of the warehouse. The solar wall is used to both preheat the air and reduce building transmission loss and provide approximately 500 MMBTU/year.
- <u>Austin, Texas</u>: Austin Energy Green Choice Program. The 3M Austin Research Boulevard Site, part of the Communication Markets Division, is a founding member of the Austin Energy Green Choice Program. From 2001 to 2010 the site purchased 12,490,020 kWh of Green Choice power, which was approximately 15% of the total power. The amount of Green Choice power has increased at the site and currently Green Choice power is approximately 30% of the site's total power.

## **2011 Energy Highlights**

- Received the 2011 ENERGY STAR Sustained Excellence Award (8<sup>th</sup> consecutive year)
- Held monthly energy web conferences fashioned after ENERGY STAR conferences
- Hosted 3M Global Energy Conference featuring nine outside speakers
- Launched 3M Energy Management blog to engage more employees in energy topics

- Held energy awareness events/programs at plants and international subsidiaries
- Enhanced sustainability communications and tools, worldwide
- Used social media to communicate energy-related news to a broader external audience

## **Rewarding Energy Management Excellence**

An important component of 3M's strategic energy management plan is to recognize and share best energy management practices throughout the employees company. An energy cost reduction projects database enables a continuous flow of ideas and projects with identified associated cost savings. This database currently tracks 3,675 projects worldwide. Of these projects 177 were completed in 2011.

## Saving Energy and Addressing Climate Change for our Customers

3M provides a vast array of solutions for our customers to improve their own energy efficiency and help reduce their carbon footprint. Some of the solutions include Solar Energy Solutions, Window Film Solutions, Wind Energy Solutions, Utility and Power Solutions, and Fire Suppression solutions. Further details and examples are provided in the 3M Climate Change Solutions Product catalog located on <a href="https://www.3M.com/Sustainability">www.3M.com/Sustainability</a> (Our Solutions).

## **Further Energy information**

www.3M.com/Sustainability (Policies and Reports)

• 3M Global Energy Management Policy

#### AIR QUALITY MANAGEMENT

An important component to 3M's sustainability strategy is our commitment to improving air quality globally. Air emissions from 3M operations include volatile organics, particulates, and substances listed on the United States Environmental Protection Agency (USEPA) Toxic Release Inventory or global equivalent.

With the increasing complexity of air quality regulations globally, reductions in actual air emissions and a solid air permit/regulatory approach are increasingly important components to global business growth and long term sustainability. Air emission reductions are achieved through a variety of methods at 3M and include but are not limited to increasing the use of more sustainable raw materials, water based coatings and improving process/equipment efficiency upgrading equipment, and implementing and maintaining pollution control technologies. All reduction efforts are integral to the company's overall success and assist the company with the challenge of improving air quality in the areas in which we operate.

#### **Implementing and Maintaining Pollution Control**

Although 3M has made significant progress in reducing air emissions from our operations through pollution prevention thinking (elimination at the source) and improving process efficiencies (e.g. Lean Six Sigma), 3M implements and maintains pollution control equipment when necessary. A variety of pollution control technologies are evaluated and utilized to control and reduce our air emissions. These include thermal oxidizers, baghouses, scrubbers, and

cyclones. 3M maintains rigorous preventative maintenance schedules to ensure proper operation and ongoing air pollution control effectiveness of volatile organic compounds (VOCs), particulate matter, and other air emissions.

In the future, 3M is looking to expand the use of alternative control technologies to reduce energy and natural resource usage of pollution control equipment, while still providing required air pollution control efficiencies. Biological air pollution control systems are an innovative solution to control VOC emissions in certain 3M processes. In pilot and select scaled installations, 3M has demonstrated the technology can adequately reduce VOC emissions while significantly reducing operating costs, greenhouse gas emissions, and eliminating natural gas usage.

## **Integrating Green Chemistry Initiatives**

To integrate more sustainable raw materials, 3M uses the 12 Principles of Green Chemistry (Anastas, P. T.; Warner, J. C. Green Chemistry: Theory and Practice, Oxford University Press: New York, 1998), a holistic set of principles and framework for putting green chemistry into practice, as a tool for product development in select divisions. Green chemistry is the design, development, and implementation of chemical products and processes to reduce or eliminate the use and generation of substances hazardous to human health and the environmental. They must be more environmentally benign, more economical, and better performing and not just process optimization.

The principles can generally be grouped into four main categories: Hazard Reduction, Lower Impact Products & Processes, Resource Reduction & Conservation, and Use of Renewable Raw Materials.

In 2010, 3M's Material Resource Division (MRD), a major internal supplier for many materials within 3M, created a new product design tool which mandates the evaluation of new chemistries/products against the 12 principles in their division. These principles are as follows:

- 1. Prevent Waste Generation
- 2. Atom Economy
- 3. Less Hazardous Chemical Syntheses
- 4. Designing Safer Chemicals
- 5. Safer Solvents and Auxiliaries
- 6. Design for Energy Efficiency
- 7. Use of Renewable Feed stocks

- 8. Use of most direct synthetic route
- 9. Catalysis
- 10. Design for Degradation
- 11. Real-time analysis for Pollution Prevention
- 12. Inherently safer chemistry for Accident Prevention

The Material Resource Division engages researchers and manufacturers at every stage of development to meet or exceed 3M's 2015 Sustainability Goals. Green Chemistry is now a formal part of all scale-up efforts, most notably in an assessment of new programs as they move through research to full scale production. These assessments are documented to enable rapid implementation and broad application of Green Chemistry advancements, regardless of their origin. These efforts enable MRD to effectively introduce alternative sustainable options aligned with increasing regulatory trends and to minimize costs as petroleum prices continue to rise, giving 3M a considerable advantage in raw materials pricing.

## **Broadening Focus in 2011-12**

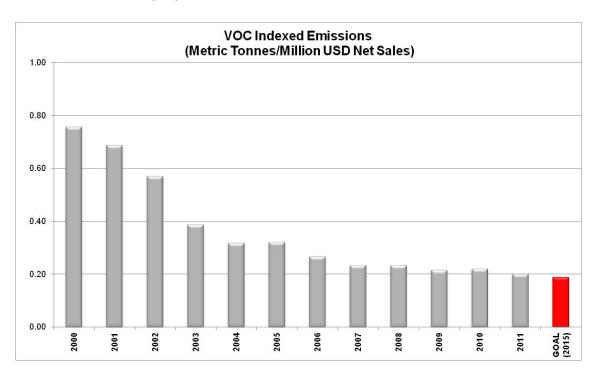
In 2011, 3M established a green chemistry network to expand these activities outside of the MRD. The network provides a forum for 3M employees to communicate green chemistry ideas & practices across all 3M businesses and functional groups to help drive business growth. Its members come from 3M's research & development, product responsibility, sustainability, and marketing communities. Through internal events and collaboration tools, the network goal is to increase 3M's successful product offering developed based on the principles of green chemistry.

For more information regarding green chemistry, please refer to the U.S. Environmental Protection Agency's website: <a href="https://www.epa.gov/greenchemistry">www.epa.gov/greenchemistry</a>

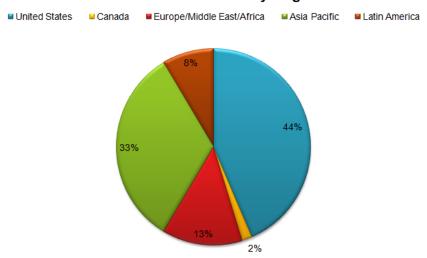
## **Setting VOC Goals and Evaluating Progress**

Air emissions from 3M operations (e.g. volatile organics, particulates, and substances listed on the US EPA Toxic Release Inventory or global equivalent) are tracked, reported, and aggregated through corporate environmental data management systems. Reductions in corporate-wide air emissions have been accomplished through the development of solvent-less and lower particulate technologies, green chemistry initiatives, pollution prevention programs, and pollution control equipment all mentioned above.

3M has had VOC reduction goals since 1990 as shown below. Using 1990 as a base year, 3M has reduced VOC emissions 98% by year-end 2011 indexed to net sales. Specific goal period achievements are highlighted below.



## 2011 VOC Emissions by Region



#### **VOC Reduction Goals**

VOC Goal Reduction	Goal Program	VOC Goal	VOC Results
Period			
1990-2000	Year 2000 Goals	70% Reduction in VOC	90% (Absolute)
		Emissions (Absolute)	
2000-2005	Environmental Targets	25% Reduction VOC	57% (Indexed)
	(ET'05)	Emissions	
		(Indexed to Net Sales)	
2005-2010	Environmental Targets	25% Reduction VOC	31% (Indexed)
	(ET'10)	Emissions	
		(Indexed to Net Sales)	
2010-2015	Sustainability Goals	15% Reduction VOC	9% (Indexed)
	(Environmental	Emissions	(Through 2011)
	Stewardship)	(Indexed to Net Sales)	·
TOTAL Reductions:			98%
1990-2011			(indexed to net sales)

## **Improving Air Quality for our Customers**

3M provides several solutions to assist our customers in improving air quality. A couple examples include air filtration solutions and green seal certified commercial cleaning products. Additional solutions across a variety of markets may be found through the Environmental Solutions Catalogs on <a href="https://www.3M.com/Sustainability">www.3M.com/Sustainability</a> (Our Solutions).

#### WASTE MANAGEMENT

Waste management and minimization is an important component of 3M's environmental stewardship. The 3M Corporate Reverse Supply Chain Services organization provides corporate oversight for global waste management activities. 3M's Waste Management standard applies to all locations and provides the framework and corporate expectations that are required to manage all waste types from the time of generation until reused, recycled, treated or disposed. The standard sets a baseline for several core waste program elements and encourages waste minimization and recycling whenever possible.

## Recycling, Reuse, Treatment and Disposal

All waste recycling, reuse, treatment, and disposal practices are required to comply with applicable regulations and the 3M Disposal of Chemical Waste Policy, including waste stream profiles, content identification, and labeling. Waste management practices and technologies are required to be approved through the 3M Corporate Reverse Supply Chain Services organization where the emphasis is on using only the most environmentally safe and appropriate waste management practices available.

3M Corporate Reverse Supply Chain Services has a team of subject matter experts (Resource Recovery) dedicated to initiating and supporting internal projects to identify materials for recycling. This team works with many levels within the organization (e.g. facilities, divisions, businesses and corporate wide) on a variety of different waste recycling and reuses initiatives. The variation of projects and programs range from basic office recycling to more complex such as developing and capturing intrinsic waste materials generated off a manufacturing line. Through an evaluation process all aspects of diversion benefits or risk are reviewed. Some programs have initiated and implemented excellent reuse programs, which are then shared as a best practice throughout the organization for replication. 3M continues to work with our customers and manufacturing partners to manage or develop recycling programs to continue to support our community commitment of sustainability.

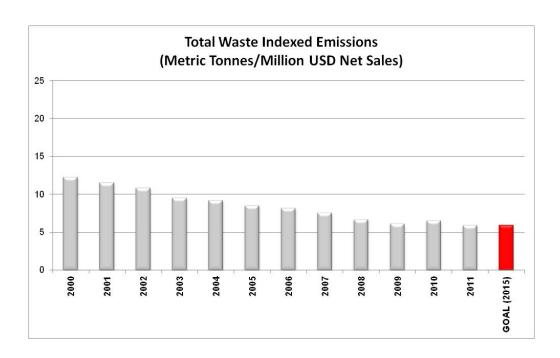
#### **Ensuring Waste Compliance**

The 3M Waste Management Standard requires each location to assign a Waste Management Coordinator who is responsible for ensuring personnel receive applicable waste training. Corporate Reverse Supply Chain services administers the waste training for the coordinators in the US and is currently enhancing and expanding waste training internationally. Compliance with all 3M and other regulated waste requirements is evaluated through the environmental auditing program.

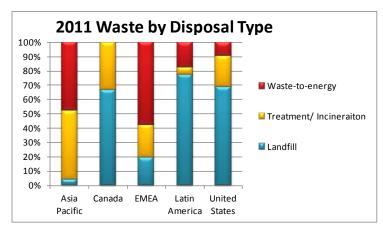
## **Setting Waste Goals and Evaluating Progress**

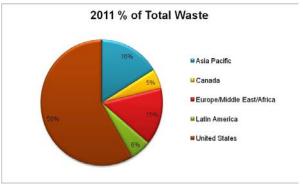
3M has been setting total waste reduction goals since 1990. Using 1990 as a base year, 3M has reduced our total waste by 68% (indexed to net sales) through 2011. Specific goal period achievements are highlighted below.

Goal Period	Goal Program	Waste Goal	Total Waste Reduction Results
1990-1995	Challenge '95 Program	35% Reduction in waste	30% Reduction
			indexed to total
			product produced
1995-2000	Year 2000 Goals	50% Reduction in waste	36% Reduction
		(indexed to net sales)	indexed to net sales
2000-2005	Environmental Targets (ET'05)	25% Reduction in waste	25% Reduction
		(indexed to net sales)	indexed to net sales
2005-2010	Environmental Targets (ET'10)	20% Reduction in waste	19% Reduction
		(Indexed to net sales)	indexed to net sales
2010-2015	Sustainability Goals	10% Reduction in waste	9% Reduction
	(Environmental Stewardship)	(Indexed to net sales)	(through 2011)
		-	indexed to net sales
TOTAL (1990-2011)			68% Reduction (indexed to net sales)



Total waste is tracked and reported globally by disposal types: Waste to energy, Treatment/Incineration, Landfill.





## 2011 Waste Challenges and Highlights

- As 3M continues to grow internationally, integrating consistent waste management practices in accordance to 3M's standard and expectations remains a key objective.
- Accurate waste identification and separation to reuse, recycle, treat, or dispose of various waste types is a continuous education process and provides an opportunity to further advance waste minimization and recycling at all locations.
- In 2011, 3M enhanced the Global Environmental Management Self Assessment (GEMSA) tool with core waste management elements and requirements for all 3M facilities to evaluate their performance. This will enable facilities to enhance their waste management practices and identify opportunities.

## **Reducing Waste for our Customers**

3M is continually looking for opportunities to assist customers with managing/reducing waste. For example, several packaging reduction and process/product redesign projects have been and continue to be implemented to reduce our impacts. 3M will continue to integrate feedback and initiate projects to assist customers with minimizing waste impacts.

#### Further Information:

• 3M Waste Management Standard: <a href="https://www.3M.com/Sustainability">www.3M.com/Sustainability</a> >(Policies and Reports)

#### WATER MANAGEMENT AND CONSERVATION

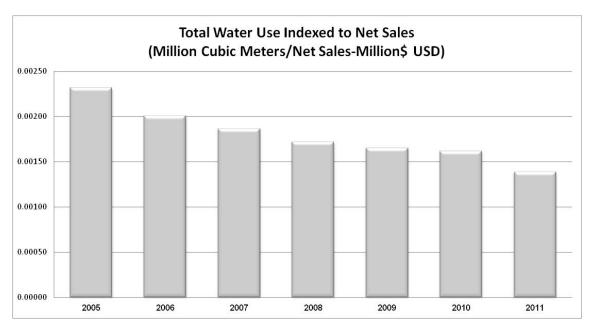
#### **Understanding our Water Footprint**

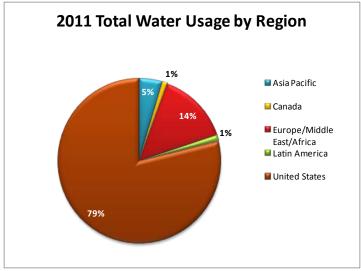
Reducing water use and improving water quality are additional important elements of environmental stewardship. Therefore, 3M continues to actively understand, manage, and work toward reducing our corporate water footprint. 3M's Water Management Standard provides a global framework including both general and specific elements for water management within the company. The standard requires 3M operations to manage their water resources through understanding their water use, compliance with regulatory requirements, systematic conservation and reuse, and reporting of water usage. Water resources include water intake, effluent water discharge, and rainwater.

## **Setting Water Performance Goals and Evaluating Progress**

3M's Corporate Operating Committee endorsed a water conservation goal as part of the 2015 Sustainability Goals. The goal is focused on water conservation planning and reductions efforts in regions of the world where water resources are limited or excessively extracted (water stressed and hyper-stressed). 3M uses the definitions and tools established by the World Business Council for Sustainable Development (WBCSD) to compare the company's various site locations and their affiliated water use with validated WBCSD water availability, population, and biodiversity information on a country and watershed basis. Currently 3M has identified 18 sites (out of over 200 sites) located in water stressed or hyper stressed areas as defined by the Mean Annual Relative Water Stress Index (WBCSD-Global Water Tool). Each 3M site located in a water stressed or hyper stressed area is required to understand their water use in detail, associated business risks/impacts, and local water requirements. Each identified site is also required to develop a water conservation plan outlining current and future water conservation efforts. Annual evaluations are conducted using any updates from the WBCSD Global Water Tool, an analysis of site operations and water usage, and local conditions to determine 3M sites water stress level.

All 3M manufacturing sites currently track and report water usage. Although 3M does not have a quantitative goal, conservation efforts indicate a 48% decrease in water use globally indexed to net sales from 2005 to 2011. Water conservation efforts have been achieved through recycling/reuse and improvements to our buildings and manufacturing processes. A majority of our water intense manufacturing operations are located in the United States and Europe in areas not water stressed or water scarce. However, they also contribute significantly to our conservation efforts. Although the company continues to grow in many regions of the world thoughtful consideration is placed on the type of operations and availability of resources such as water.





## Improving Water Quality and Water management for our Customers

Similar to other management aspects of environmental stewardship, 3M provides solutions for water conservation and water quality. Some examples include water pipe solutions that remedy pipe corrosion, restore pipe width, and increase water flow using a trenchless technology application process and water filtration solutions that provides purification solutions for life sciences, industrial, food and beverage, foodservice, residential and air filtration applications. Additional water solutions are identified in the Environmental Solutions catalog located on <a href="https://www.3M.com/Sustainability">www.3M.com/Sustainability</a> (Our Solutions)

#### Further information:

• 3M Water Management Standard: <a href="https://www.3M.com/Sustainability">www.3M.com/Sustainability</a> >(Policies and Reports)

#### **ENHANCING BIODIVERSITY**

Enhancing and preserving biodiversity is an important part of 3M's value of respecting our social and physical environment. 3M has been working to preserve biodiversity both on our property and through our support of organizations like The Nature Conservancy.

### **Biodiversity at 3M**

The locations of some of 3M's facilities share the same land with rare species of wildlife. In these locations and on other 3M properties that support wildlife, the company works to enhance and protect the area's natural habitat.

When developing property, the planning process begins with a thorough evaluation of local soils and geologic conditions, ground water and hydrology characteristics, drainage, flora and fauna and items of archeological or historical significance. The resulting design seeks to comply with all known local, state or federal regulations and to avoid or minimize negative impacts on cultural or natural resources. If an impact is unavoidable, we seek to mitigate the impact by preserving a property with property of equal or greater quality.

3M has a very large, existing property portfolio, much of which was designed and built nearly 40 years ago. As our business and customer needs change, we have focused on maximizing the efficient use of existing space and to the extent possible renovating to meet our current and future business needs. This allows the company to grow while minimizing our impacts on biodiversity and our natural resources.

For example, one of 3M's facilities in Austin, Texas is located within critical habitat for the endangered golden-cheeked warbler. The 3M Austin facility has worked hard to not only limit the impact of its operations on the warbler, but to enhance the facility's property to create a habitat that can be used by the warbler as well as a number of other species found near the facility.

The 3M Austin site worked with The Wildlife Habitat Council (WHC), a nonprofit organization that helps corporations, conservation organizations and individuals interested in protecting and enhancing wildlife habitat. WHC makes recommendations in the form of a detailed wildlife plan for the property that will allow wildlife to prosper. After programs are put in place, the WHC operates a Corporate Habitat Certification/International Accreditation Program. This program recognizes exceptional habitat management and environmental education programs at corporate sites. Sites are required to re-certify each year.

In addition the 3M Austin site, currently, three other 3M facilities maintain Wildlife Habitat Certification: Menomonie, Wisconsin, Cottage Grove, Minnesota and 3M Center-St. Paul, Minnesota.

## **Biodiversity through Partnerships**

The Nature Conservancy (TNC):

Through the 3M Foundation, 3M has worked with the Nature Conservancy to preserve habitat around the world. This partnership is helping to safeguard critical habitat and preserve biodiversity. The partnership with TNC involves 3M employees and local residents. In addition to increasing the amount of protected lands for migration zones, endangered wildlife and rare indigenous plants, 3M is working with the Nature Conservancy to improve visitor access and learning opportunities for the public.

"Over the past decade and beyond, 3M has been a critical partner in our organization's evolution, helping to advance our work in places across the world - from the indigenous lands of Australia's outback. Mexico's Calakmul Biosphere Reserve, and the Mava Forest: to Brazil, where we train Amazon indigenous leaders to conserve their vast territories; to China's wetland reserves; to British Columbia's Darkwoods and Alabama's Paint Rock River watershed; and numerous points in between. . . We could not have achieved our goals and successes without the collaboration of 3M and the 3M Foundation." Mark Tercek, President and **CEO, The Nature Conservancy** 

Each year, 3M works with the Nature Conservancy on a variety of projects worldwide:

#### North America Region

- Canada's Dark wood's in British Columbia
   3M supported the preservation of land in Dark woods. Dark wood's 255,000 acres of
   contiguous protected area links existing wildlife management areas with parks where
   threatened plant and animal species may thrive. Through the Nature Conservancy's
   efforts, habitat is being restored for caribou, grizzly bears, and owls while protecting
   water quality and forest lands.
- United States-Montana Forest Legacy and North Fork of the Flathead
   Sustaining the Crown of the Continent and connecting the vast network of wild lands in
   the Northern Rockies presents one of the best opportunities on the globe for ecosystem
   protection and resiliency. In 2011, 3M provided a \$1 million grant for the Crown of the
   Continent project representing two of the largest conservation acquisitions in North
   American history and knitting together a 60-million-acre network of protected public
   lands across Montana, Idaho, Wyoming, and into southern British Columbia.

## Asia Pacific and Northern China Regions

The Chongming Dongtan Nature Reserve The nature reserve is near the mouth of the Yangtze River near Shanghai. It is an important corridor unique biodiversity for migratory birds from Japan to Australia and a critical fish spawning area. With 3M support through funding and over 80 volunteers, TNC is helping to develop conservation management plans, including ecotourism to help



ensure that environmental safeguards are in place to protect the area. The State Forestry Administration of China has asked TNC to help direct their efforts to create a system of 51 model Nature Reserves in China by 2020. These reserves will serve as demonstration sites for the government to promote effective conservation management and the integration of community and economic development with conservation efforts.

Australia's Fish River Station
 3M's support assisted with the purchase of northern Australia's Fish River Station
 property in 2009, protecting more than 450,000 acres and hundreds of species such as
 wallabies and bandicoots. TNC's work is helping return the property to indigenous
 traditional owners and develop long-term sustainable management plans for the
 property.

#### Latin America Region

Brazil-Atlantic Forest Water Producer Program
 In Brazil, a 3M grant is helping TNC preserve the concentration of unique and threatened plants and animals that can only be found in Brazil's Atlantic Forest. Less than 8 percent of the original tropical forest remains today. The purchase of nearly 2,400 acres will manage and protect it from further clearing and environmental threats.

The Atlantic Forest provides drinking water to 70% of Brazil's 120 million people. TNC is working on a large-scale reforestation and protection program in the Atlantic Forest where one of its most important project sites provides water to nearly 9 million people in Sao Paolo. 3M's plant in Campinas has been supporting national- and municipal-level reforestation projects in the area since 2004.

Mexico-Calakmul Biosphere Reserve and Maya Forest
 The forests of Mexico's Yucatan Peninsula are of extraordinary ecological importance.
 More than 1.5 million acres of forest have been set aside – with assistance from 3M and other donors in protected areas such as the Calakmul Biosphere reserve. Still, important forest lands are lost or threatened by illegal logging, conversion to agriculture, settlement, and unsustainable tourism.

TNC's goal for the region is to protect the forest while developing livelihoods for local people through sustainable forestry and tourism activities.

#### Project strategies:

- Protect an additional 250,000 acres of forest by acquiring land, decreeing protected areas, and working with private and community landowners
- Develop sustainable forestry practices on 100,000 acres of private and community-owned forest lands
- Promote and develop community-based, sustainable tourism
- Reforest up to 10,000 acres of forest lands damaged by Hurricane Dean Effectively manage forest protected areas by implementing wildfire controls, reducing illegal logging and deterring Poachers

#### **PRODUCT RESPONSIBILITY**

Our commitment to product responsibility includes product regulatory compliance, life cycle management, and accurately representing our products through communications and marketing.

## **Life Cycle Management**

3M's global Life Cycle Management (LCM) process is used to identify opportunities associated with environmental, health, and safety (EHS) performance, and to characterize and manage EHS risks and regulatory compliance throughout a product's life cycle (raw material acquisition, development, manufacture, use, and disposal). LCM is qualitative in evaluation and applies globally to all 3M products and internal transfers regardless of their source. All 3M products - whether 3M-developed, developed jointly with another company, or acquired from a third party may be subject to review. Any product purchased from an outside supplier for sale as a 3M product receives the same product life cycle consideration as an internally developed and manufactured product. LCM evaluations are a required component of a 3M's New Product Introduction (NPI) process.

All of the elements listed below may be incorporated and implemented through various tools and resources in 3M's overall LCM evaluation process.

- Environmental Impacts of Product use
- Environmental Impact of Product Manufacturing
- Environmental Impact of Raw Materials/Procured Components
- Climate Change Impacts
- Reduction of Hazardous Materials
- Reduction of Health Effects
- Design for recycling of remaining materials

A more detailed, quantitative Life Cycle Assessment (LCA) is completed on selected products and analyses the environmental impacts of material acquisition, manufacturing, and distribution. Individual LCAs may be conducted on specific life cycle stages to evaluate risk in more detail during the new product introduction process as needed. 3M has a consistent global strategy for conducting LCAs, lead by the Corporate Environmental Laboratory, which has adopted the ISO 14040 series standards, World Resource Institute, and World Business Council for Sustainable Development standards as guidance.

#### **Environmental Product Declarations**

Environmental Product Declarations (EPDs) standardized reports to communicate Life Cycle Assessment (LCA) results. Product Category Rules (PRCs) are developed to standardize application of a Carbon Product Footprint or LCA standard to a specific product category. 3M uses EPDs as one tool to communicate aspects of our products that are environmentally beneficial to the user/consumer. 3M has adopted the ISO 14040 series standards, World Resource Institute, World Business Council for Sustainable Development standards and the ReCiPe methodology for creating Environmental Product Declarations. In addition, other standards as well as published category rules may apply and are utilized upon request.

Environmental Product Declarations are generated using Product Category Rules (PCRs). 3M uses published Product Category Rules that have been established and are credible where appropriate for the use in making Environmental Product Declarations. 3M is working with the Sustainability Consortium to assist in establishing Product Category Rules. Internal guidance is

provided to 3M businesses globally to ensure the EPDs meet the company's requirements and are substantiated in accordance to the standards and methodologies specified.

## **Product Marketing and Communications**

It is 3M policy (<u>3M's Advertising and Product Representation Policy</u>) to represent our products truthfully, fairly and accurately in all sales, advertising, packaging and promotional efforts. Management of every 3M business unit is responsible for ensuring appropriate review of advertising and claims regarding respective business products and services.

All Environmental Product claims must be substantiated and technically accurate to the end user as specified by the Advertising and Product Representation Policy. 3M's environmental claims support team assists businesses in determining the appropriate product claims and is comprised of laboratory scientists, legal staff, life cycle management professionals, and other environmental marketing and business expertise. Extensive environmental marketing claim information and guidance is provided in 3M's internal Environmental Claims Guide.

## **Providing Sustainable Products**

3M's commitment to sustainability and environmental stewardship goes beyond minimizing our impacts to the environment from our operations. Through innovation and as noted through examples highlighted above, 3M provides product solutions that help our customers minimize their own environmental impacts and make people's lives easier and better. Our inspiration comes from listening to customers and creating new products and solutions for the challenges and opportunities they face. As mentioned, 3M has developed environmental solution catalogs that feature these products (see link in further information below). Products included in the catalogs must meet one or more of the criteria below:

Products that help 3M customers to reduce their environmental footprint

- Products that reduce air pollution
- Products that reduce customer energy use &/or greenhouse gas emissions
- Products that reduce customer waste (e.g. reuse, recycling, and composting)
- Products that reduce customer water use or pollution
- Products that prevent the disturbance of environmentally sensitive areas or clean up industrial pollution
- Improve fuel economy in vehicles (e.g. light weighting)

Products that are manufactured with a reduced footprint

- Products manufactured using a low/no solvent (VOC) process
- Products that are made with recycled content, renewable resources, or using 3rd party certified materials
- Products that do not contain materials of concern typically found in competitive products Products with less of a carbon footprint than other similar solutions using the same methodology

#### SUSTAINABLE PACKAGING

Providing sustainable packaging solutions for 3M products and processes is an important component to our overall sustainable success.

3M's global sustainable packaging vision and strategy are aligned well with 3M's Sustainability Principles and Strategy. Our vision is that 100% of 3M's packaging is environmentally sensible, responsibly sourced, preferred by our internal and external customers while providing added value and an economic advantage for 3M.



For 3M this means strategically working together worldwide in multiple aspects of packaging from design to distribution and use:

Environmental Stewardship	Social Responsibility	Economic Success
Research, develop, validate, and share innovative sustainable material solutions	Provide continued leadership in sustainable packaging solutions and communications	Provide innovative, practical, sustainable packaging solutions
Responsibly design and source packaging	Provide clear and substantiated benefits	Implement cost effective, sensible solutions
Continuously improve, and educate internally and external partners	Ensure 3M and supplier packaging compliance	Maintain performance, safety and regulatory compliance

## **Packaging Challenges and Opportunities**

3M's diversity of products and packaging in a variety of markets globally offer both key challenges and opportunities that include:

- Diverse Requirements-Marketing, Manufacturing, Supply Chain, Customers, Merchandising
- Global Materials and Substantiation
- Different Regulatory and Industry Requirements
- Waste Stream/Recycling Infrastructure
- Cost effective and bio-material solutions

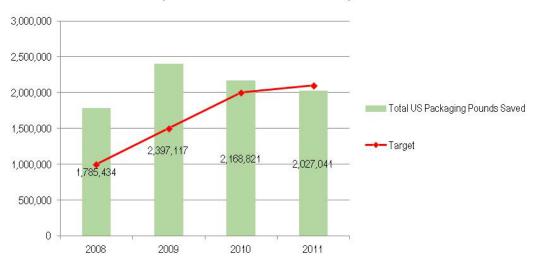
3M focuses on the "R's" of sustainable packaging: Remove, Reduce, Recycle, Reuse, Renew and is currently focusing on the following areas to minimize our packaging impact.

- Rigid Plastic Packaging-Working to increase post-consumer recycled content
- <u>Polyvinyl Chloride (PVC</u>)-Working to eliminate PVC in packaging where technically and economically feasible
- Heavy Metals-Maintain management processes in place to address heavy metals in packaging.

## **Setting Goals and Evaluating Performance**

The US Packaging sustainability optimization improvements made by 3M packaging engineers are entered into a 3M developed, packaging sustainability reporting tool by the packaging engineers making the improvements. The weight savings data and sales volume are compiled each month to calculate actual pounds removed from waste streams. Improvement data on all items is tracked for 12 months.





## **Reducing Packaging Footprint for our Customers**

A variety of projects have been implemented within the company worldwide and across many businesses to reduce our packaging footprint. Below are a few examples of reduced or more sustainable packaging materials. Several other projects have been implemented to optimize shipping layouts.



### Further Information:

• 3M Packaging Website: <a href="https://www.3M.com/Sustainability">www.3M.com/Sustainability</a> (Packaging)

## POLLUTION PREVENTION PAYS (3P)

3M's Pollution Prevention Pays program celebrated its 36<sup>th</sup> anniversary in 2011. Over that last 36 years, the program has prevented more than 1.75 Million short-tons of pollutants and saved nearly \$1.5 billion (USD) based on aggregated data from the first year of each 3P project. The 3P program helps prevent pollution at the source, in products and manufacturing processes rather than removing it after is has been created. When 3P was launched in 1975, the concept of applying pollution prevention on a companywide basis and documenting the results was an industry first.

The 3P program invites participation from all aspects of the company including research and development, manufacturing, logistics, transportation, and packaging employees with various award categories and criteria.

3P is a key element of our environmental strategy and is advancing our sustainability efforts. 3P has achieved that status based on our belief that a prevention approach is more environmentally effective, socially acceptable, and more economical than conventional pollution controls. Natural resources, energy and financial commitment are used to build conventional controls and are increase during operation. 3P seeks to eliminate pollution through the following methods:

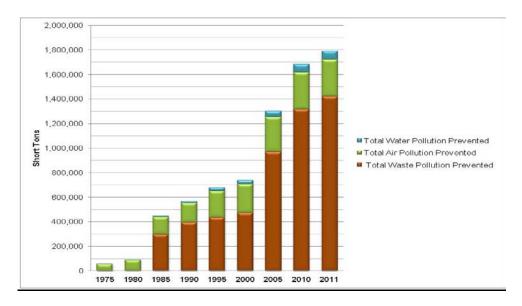
- Product reformulation
- Process Modification/Redesign
- Equipment Redesign
- Supply Chain Improvements
- Recycling and Reuse of waste materials

The program depends directly on the voluntary participation of 3M employees. Innovative projects selected by a 3P committee representing R&D, engineering, EHS, manufacturing, and supply chain organizations are recognized for their achievements with 3P awards

## 3P Global Results (1975-2011)

Total Number of Projects: 9300 Total Savings: 1.5 Billion USD

Total Pollution Prevented: 1.75 Million Short Tons



## **SOCIAL RESPONSBILITY**

3M is committed to continuously improving the quality of life of our workforce, their families, as well as the communities and society in which we operate and conduct business. Supporting a socially responsible workplace with a global diverse workforce creates a culture of collaboration essential to innovative economic growth and sustainable operations and society.

# OUR EMPLOYEES Globally Diverse Workforce

## 3M Full Time Employees

	2009	2010	2011
3M	73,956	79,179	83,253
United States	31,567	33,007	33,280
Latin America	9,443	10,421	11,157
Asia Pacific	13,804	15,857	17,907
Europe/Middle East/Africa	17,343	17,996	19,005
Canada	1,799	1,898	1,904

## **Employees in Management Positions**

3M Company-Wide Aggregate	ggregate 2009		2011	
Management Headcount	6,269	6,616	6,875	
% Female Management	24.0%	22.8%	22.6%	

Female Employees (Percentage in Region)

	2009	2010	2011
United States	34.5%	33.6%	33.6%
Latin America	38.4%	37.7%	39.5%
Asia Pacific	28.3%	27.6%	28.2%
Europe/Middle East/Africa	35.0%	35.0%	35.0%
Canada	35.0%	36.6%	37.0%

**Female Employee Hirings** 

	2009	2010	2011
3M	41%	33%	36%
United States	39%	32%	36%
Latin America	49%	45%	50%
Asia Pacific	24%	24%	27%
Europe/Middle East/Africa	39%	38%	35%
Canada	41%	40%	38%

**Employee Hirings** 

Employee minings			
	2009	2010	2011
Hirings			
3M	7,944	11,067	10,775
United States	1,796	3,829	3,556
Latin America	3,616	2,216	2,098
Asia Pacific	1,573	3,189	3,161
Europe/Middle East/Africa	891	1,748	1,855
Canada	68	85	105

Age Distribution (Percentage of Employees in Region)

, ,	Age	2009	2010	2011
Baby Boomers (1943-1960)				
United States		45.0%	42.0%	39.6%
Latin America	52-69	9.3%	8.8%	8.0%
Asia Pacific	32-09	9.8%	8.4%	7.0%
Europe/Middle East/Africa		26.4%	24.0%	22.0%
Canada		35.5%	34.0%	32.0%
Generation X (1961-1981)				
United States		48.5%	50.0%	51.2%
Latin America	31-51	69.0%	66.3%	63.6%
Asia Pacific	31-31	75.8%	72.0%	68.6%
Europe/Middle East/Africa		64.6%	64.6%	64.4%
Canada		62.0%	62.5%	63.5%
Generation Y < 1981				
United States		6.5%	8.0%	9.2%
Latin America	<31	21.7%	24.9%	28.4%
Asia Pacific	<b>431</b>	14.3%	19.6%	24.4%
Europe/Middle East/Africa		9.0%	11.4%	13.6%
Canada		2.5%	3.5%	4.5%

## Supporting a Socially Responsible Workplace

The people of 3M are the company's most valuable resource. Our employees are the means by which 3M achieves our goals and objectives. Our business culture and human resource principles emphasize integrity and fairness alongside innovation and excellence. We will continue to help employees develop their diverse talents and are dedicated to the following human resource principles:

- Respect the dignity and worth of individuals
- Provide equal opportunity
- Encourage the initiative of each employee
- · Challenge individual capabilities.

Sustaining our future requires acting in a socially responsible way. As an ethical and law-abiding company, 3M strives for 100 percent compliance with government regulations globally concerning human rights, employees and employment laws, and expects ethical behavior from employees in accordance with our Business Conduct Policies. Our conduct goes beyond legal obligations and includes policies that help support a challenging, productive and enjoyable work culture.

#### **HUMAN RIGHTS**

#### **Leading with High Integrity and Values**

3M is committed to and values sustaining a culture of high integrity business ethics with those whom we do business with and within our own operations. 3M respects international human rights principles including the United Nations Declaration of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work and is dedicated to enriching the workplace, engaging with stakeholders and continuously improving the communities in which we operate.

3M recognizes our employees are our most important resource and have been a key contributing factor to our success and growth for over 100 years. We work hard to foster an environment where all employees are treated with respect and allowed to develop their skills and talents with integrity. We not only comply with laws and regulations, but are rooted in going above and beyond to do the right thing.

Our commitment is formalized through various policies, guidelines, and position statements including our Equal Employment Opportunity policy, our Harassment Policy and other employee relations practices.

#### **Human Rights Elements:**

- Equal Opportunity and Diversity: 3M is committed to attracting and retaining a diverse workforce. Our Equal Employment Opportunity (EEO) policies prohibit all forms of discrimination or harassment against applicants, employees, vendors, contractors, or customers on the basis of race, color, creed, religion, sex, national origin, age, disability, veteran's status, pregnancy, genetic information, sexual orientation, marital status, citizenship status, status with regards to public assistance, gender identity/expression, or any other reason prohibited by law. Our affirmative action policies and programs are designed to ensure equal opportunities for qualified minorities, women, covered veterans, and individuals with disabilities, and also to provide reasonable accommodation to individuals with disabilities. 3M is committed to attracting and retaining a diverse workforce.
- Freedom of Association and Collective Bargaining: 3M works diligently to create a work culture that affords all employees the opportunity to work without fear of intimidation, reprisal or harassment, in an environment where employees are able to get their questions addressed in a fair and timely manner. In all locations, the company's relationship with employees, whether union or non-union, is a key responsibility of all leaders, assisted by human resources representatives. Human resources professionals work with all employees to maintain positive employee relations. 3M recognizes and respects the right of employees to join unions and engage in collective bargaining as permitted by applicable laws in the countries where 3M does business.
- <u>Child Labor/Minimum Hiring Age</u>: 3M has a minimum hiring age of 18 in the United States. Internationally, 3M complies with all applicable laws relating to hiring minors, and applies a minimum hiring age of 16. 3M has those same expectations for all vendors doing business with 3M.
- <u>Compensation</u>: 3M complies with minimum wage legislation globally. In most countries 3M does business, our compensation exceeds legal minimum wage requirements. Our competitive compensation reflects our practice of establishing competitive salary ranges based on actual pay data from benchmark companies.
- <u>Forced and Compulsory Labor:</u> 3M complies with all applicable laws and employment regulations and does not engage or participate in forced labor. 3M has those same expectations for all vendors doing business with 3M.
- Security Practices: 3M vigilantly implements security measures and practices crisis preparedness globally. Security personnel and/or systems monitor entrances to all of our facilities to contribute to personal safety and security at 3M. Procedures and emergency preparedness plans are in place to respond to security or safety concerns in the workplace. 3M has also implemented a Violence Prevention Policy and provides employee and supervisor training to appropriately manage issues that may arise. In

addition, 3M continually works toward developing and maintaining productive working relationships with business and community agencies to ensure an effective response to any crisis that may affect employees.

<u>Harassment</u>: 3M's harassment policy prohibits workplace harassment. Harassment is defined as unwelcome or hostile verbal, physical or visual conduct toward an individual because of race, religion, national origin, sex, disability, age, marital status, sexual orientation, or gender identity when the conduct creates an intimidating, hostile or offensive work environment that causes work performance to suffer or negatively affects job opportunities. The policy also prohibits inappropriate behavior; that is behavior that does not meet 3M's standards for the workplace even if it is not illegal harassment and even if no one has complained. The policy is designed to promote a workplace where all employees are treated with dignity and respect.

#### **Human Rights Remediation/Grievance Resolution**

3M has several means by which an individual can report their concerns. An employee (or any third party) may report an issue online or by phone, and may do so anonymously through 3M's Compliance and Business Conduct independent third party vendor, Ethics Point. Additionally, employees have several additional ways to report issues, such as talking to a manager, supervisor, or any Human Resources professional. Whichever way concerns are reported, 3M will assign an individual to investigate of the issues raised, and report back to the party expressing the concern. 3M prohibits retaliation against anyone reporting a business conduct concern in good faith, or who cooperates in a company investigation.

## **Human Rights Awareness and Training**

To ensure that employees are aware of 3M policies related to Human Rights, 3M provides regular training to employees regarding our Business Conduct Policies. The training includes direction on how employees can raise issues for investigation and response. All 3M locations also post information on how employees can report any concerns. Finally, 3M's website also has information on 3M's policies, as well as links and information on how to report any concerns.

#### **Human Rights Performance and Assessment**

3M tracks various data related to Human Rights issues, in order to identify potential gaps and opportunities for improvement. Audits of suppliers are also conducting to assure compliance with 3M's expectations related to labor practices.

## Further information

- 3M Ethical Business Guidelines (Business Conduct Policies)
- 3M Equal Employment Opportunity Policy (3M Careers)
- 3M Harassment Policy (Business Conduct Policies)

#### **INVESTING IN OUR PEOPLE**

The long term success of 3M has been due to the dedication, skill and effort of our employees. Our culture has always emphasized integrity and fairness alongside innovation and excellence, and we will continue to place importance on helping employees develop their diverse talents to create the company's success.

## **Leveraging Diversity**

Our commitment to diversity and inclusion is evidenced in our ongoing support of national diverse organizations, our support of education especially in science and technology and the external recognition we have received for our inclusive policies and practices.

Our employee resource groups are an integral part of 3M's business growth. They provide insights and solutions not only on real business issues, but have also impacted policies and benefits offerings.

3M Employee Resource Groups include:

- African American Society
- China Club
- Disability Advisory Committee
- Latino Resource Group
- Military Support Network
- Native American Council
- New Employee Opportunity Network
- People Like Us (PLUS) GLBTA
- South Asia Society
- Team Austin
- Women's Leadership Network

## **Engaging Diverse Perspectives**

- Employee resources groups are partnered with 3M businesses to tackle specific business challenges. What results from the partnership between the groups is impressive. Many of our employee resource groups are able to identify market potential for specific customer segments which were in the millions.
- Our employee resource group, People Like Us was instrumental in driving changes to our policies and benefits offerings. As a result, we were recognized as a Best Place to Work for LGBT Equality with a rating of 100% again. Last year, the Human Rights Commission put more stringent requirements into the survey and out of 315 companies; only 190 companies achieved 100%.
- Our businesses are leveraging employee resource groups to help accelerate growth in emerging markets. For example, the Industrial and Transportation Business partnered with the Latino Resource Group to understand how to engage and sell to diverse customers using a multicultural business development process.

## **Competitive Compensation and Benefits**

3M is committed to providing competitive market pay and comprehensive benefits. In addition to providing a professional work environment that promotes innovation and rewards performance, 3M's Total Compensation for employees includes a variety of components for sustainable employment and the ability to build a strong financial future. 3M's Total Compensation program includes the following for all eligible employees worldwide. Some programs and benefits may differ internationally due to local laws and regulations.

- Compensation: Annual salary, short-term annual cash incentives and long-term equity incentives
- o <u>Vacation/Paid Leave</u>: Vacation, Holidays, and Paid Leave
- <u>Life/Disability Insurance</u>: Life insurance for employees and their eligible dependents at group rates. Short- and long-term disability benefits offered to help employees who cannot work due to illness or injury
- o <u>Health Care</u>: Medical, prescription drug, dental and vision benefits
- Health Savings Account: An employee-owned Health Savings Account that includes annual 3M contributions
- Flexible Spending Accounts: Tax-free reimbursement accounts for qualified health care and dependent care expenses
- O Parental Leave: (U.S. only) To allow parents enough time to bond with their new children, 3M's Family/Medical Leave Policy offers employees additional bonding leave for this purpose even if this means they will exceed their 12 week allotment of Family/Medical Leave for the year. The additional bonding leave must be taken on a full-time basis and must be completed within 12 months after the birth of the child or placement in the home for adoption or foster care.
- Retirement Programs: 401(k) plan and retiree medical insurance. The 3M Voluntary Investment Plan (VIP), 3M's 401(k) plan, is a unique opportunity for employees and 3M to share responsibility for building income for our employees' retirement years. In addition to other benefits, the VIP gives employees the opportunity to save on a before-tax basis and receive company-matching contributions. Employees can also save on an after-tax basis. Employees who retire from 3M after reaching age 55 with at least five years of service are eligible to purchase retiree medical insurance coverage through a retiree medical savings account which includes credits that accumulate while you are employed by 3M.
- Stock Ownership/Investment Programs: Through 3M's General Employees Stock Purchase Plan (GESPP), 3M offers employees a 15 percent discount on 3M stock purchases. 3M hopes the GESPP will help employees achieve their long-term financial goals. Over the years, employees have used their GESPP investments for everything from home improvement projects to funding their children's and grandchildren's educations. 3M has encouraged employees to become owners of the company through the GESPP since 1964, when the company introduced the plan. Today, more than 40 countries have adopted the

- plan, more than 63,000 employees worldwide are eligible and more than 16,000 employees currently participate in the plan.
- Dependent Care: 3M provides a range of resources to assist employees with dependent care, including child care and elder care. In 2007, 3M began offering Child Care and Adult Care Consultation and Referral services through the 3M Employee Assistance Program in order to help employees locate appropriate services for their loved ones across the U.S.
- <u>Employee Assistance Program</u>: In 1974, 3M began an employee assistance program which today provides over 7,200 hours of consultation and education per year to U.S. employees and their dependents, and leaders across 3M to assist them in navigating challenging situations. In some locations outside of the United States, 3M offers employee assistance resources at the local level. Resources enhance well-being and effectiveness; prevent problems; or address a wide range of personal, family, work or behavioral health challenges, are available online, in print literature and other media. This includes topics such as: resiliency, stress management, shift work, anxiety and depression, alcohol and drugs, personal financial and legal problems, and how to support employees or family members in grief or troubling situations.
- Corporate-Supported Employee Groups: Through 3M Clubs around the world, 3M encourages employees with shared interests to pursue those interests in a supportive environment. Employee resource groups such as PLUS (a Gay, Lesbian, Bisexual and Transgender group), African American Society, China Club, Disability Advisory Committee, Latino Resource Group, Military Support Network, Native American Council, New Employee Opportunity Network (NEON), South Asia Society, Team Austin and the Women's Leadership Network are sponsored by 3M under the direction of the Human Resources Advisory Committee on Diversity. Every country in which 3M does business has a 3M employee club that sponsors special events, activity clubs and sports programs and offers special discounts and privileges in support of exercise, friendships and fun. The largest employee club is in St. Paul, Minn., and has approximately 7,700 members.
- <u>Flexible Work Arrangements</u>: 3M recognizes the importance of helping employees balance their life concerns with their work responsibilities. 3M employees are able to explore with their management a variety of flexible work arrangements, including part-time, job share, flex-time, compressed work week and telecommuting. These opportunities are communicated to employees through management and are administered through 3M internal systems.
- Mealth Living: One way we promote an enjoyable work culture is by providing a work environment where healthy living is easy and where wellness is promoted. 3M employees enjoy multiple Healthy Living offerings. One example is 3M's monthly Healthy Living Newsletter. All U.S. employees with e-mail get this monthly e-newsletter highlighting events and employee stories. 3M employees who do not work at computers have access to a paper copy of the same content. Across the U.S., 3M employees made 7,700 unique visits to the online newsletter in October, November and December alone. Our research finds that 3Mers enjoy reading personal stories about how others in the company have been successful at gaining renewed health. That's no surprise to us! Sharing healthy living stories is just one more way 3Mers collaborate and challenge each other to do more and be better for our customers and ourselves. Another example is our recent Shape Up Challenge. In 2011, the Shape Up Challenge was open to all U.S. employees and more than 10,000 3M employees registered to participate.

#### **Education, Learning and Career Growth**

Today's business environment demands that we become faster and more flexible in anticipating and exceeding the needs of our customers, shareholders and employees. Creating a high performance culture built on continuous learning will help 3M achieve business growth for the company and professional growth for employees. From 2006 to 2011, 3M invested \$3.4 million in education and learning programs.

- Skill Mapping and Contribution and Development Assessment: Each year, every 3M non-production employee identifies their contributions in meeting their specified goals and creates an individual development plan that includes the next year's set of goals to elevate individual performance and skills. Additional skill mapping tools may be used in collaboration with the employee's supervisor to identify long-term desired goals. Contribution and development assessments for production staff follow site specific procedures depending on local requirements and business specific needs.
- Accelerated Leadership Development: 3M views leadership development as a competitive advantage and is accelerating leadership development in a variety of ways:
  - Our senior management team is strengthening our leadership talent by selectively recruiting proven leaders from outside the company for key functional and business roles to lead our businesses in new directions.
  - 3M's senior management team has identified six key leadership attributes. All employees are expected to think from the outside in; drive innovation and growth; develop, teach and engage others; make courageous decisions; lead with energy, passion and urgency; and live 3M values. These attributes have been incorporated into our performance assessment and development process for most of 3M's salaried workforce and all of its supervisory, management and executive employees so that we can regularly assess the extent to which employees' behavior demonstrate these attributes to help them develop their leadership behaviors.
  - 3M is identifying leaders and giving all employees the tools to develop leadership throughout their careers. We are also investing in the development of leaders through the Leadership Development Programs, which include training programs for all employees, supervisors and managers. We offer several intense accelerated learning development experiences for supervisors, managers and directors. Participants experience real-life learning by working on 3M business issues and presenting recommendations to senior management.
  - Employees have access to an intranet site dedicated to their career and personal development. The site provides a strategic career planning process, information to guide employees as they set goals and document contributions, access to on-demand learning modules and suites of courses, mentoring guidelines and tips for aligning career goals to 3M business goals for greater success at 3M.
  - While 3M leaders have always been known for sharing best practices, especially technological breakthroughs, today's leaders at 3M have a passion for learning and sharing ideas. There's an increased emphasis on action learning and "leaders teaching leaders" including teaching, coaching and mentoring by leaders at the highest levels of the organization.
  - Learning has also taken a new place within the value chain for 3M businesses. Leaders
    are leveraging new learning technologies and blended learning solutions to improve
    employee access to learning content and performance support tools. They are also

focused on decreasing the cost of traditional learning events and increasing customer and channel partner loyalty. Learning has become a more valuable and measurable business strategy.

- <u>Tuition Refund:</u> In 3M locations around the world, employees are encouraged to continuously learn and improve their skills. In most countries where we do business, 3M offers, with management support, tuition reimbursement to encourage employees to upgrade their education to better meet current job responsibilities, prepare for future responsibilities and help qualify for changes in career paths within 3M.
- Mentoring: 3M encourages mentoring partnerships and provides training, tools, networks and consulting to support strategy and program development across the company. Some organizations have assisted mentoring programs to help identify and recruit mentors to meet the needs of specific individuals. An online Mentoring Program Design Kit with guidelines for developing and implementing a mentoring program in alignment with strategic business objectives is available to support organizations wanting to offer mentoring programs.

The Mentoring Special Interest Group (SIG), a volunteer organization sponsored by the Vice President of Community Affairs, matches individuals interested in being matched with a mentoring partner. The SIG provides a quarterly luncheon/kick-off session to launch new mentoring partners. Since 2001, the SIG has matched more than 750 mentoring partnerships.

Self-directed mentoring guidelines provide a step-by-step process that individuals can use to identify and recruit a mentor and then to effectively manage a mentoring partnership.

An executive diversity mentoring program supports the professional development of high performing minority and women employees. Since January 2002, more than 730 females and minorities have enrolled in this program.

Outplacement Assistance: 3M offers a range of outplacement services and resources for employees whose positions are eliminated due to business needs. These resources are offered on a worldwide basis to help employees transition to employment in other areas of 3M or outside of the company and include services such as development of career transition skills and identification of job placement opportunities. In addition, 3M has an internal recruiting website that lists current 3M position openings for employees to self-nominate as well as career development information and tools.

## Additional Resources and Opportunities Offered Globally

- Adoption Assistance
- Scholarships for eligible dependents of employees
- Employee stores for purchase of 3M products online or at many 3M locations
- Support for community involvement: Matching Gifts, Volunteer Match, and 3M Community Giving

## **Communication and Technology Networks**

3M has numerous pathways to support organizational communications, learning and knowledge management. There are a variety of corporate and job functional systems to methodically help information and knowledge emerge and flow to the right people at the right time to add value. Examples are detailed below:

- Formal Learning Networks: The Global Learning Network (GLN) is 3M's corporate learning management system and is a one-stop electronic learning center that helps employees enroll in, deliver, track and report on learning activities. GLN serves the learning needs of 3M business units, plants and learning organizations globally.
- o Intranet Knowledge Platforms Databases: 3M's intranet site structure is set up so that each employee has a "Work Center" as one of the quick link tabs following login. Each work center is a collection of tools, systems and processes that are used routinely in daily work practices to successfully complete projects/work assignments in an employee's functional work area. A link to other work centers is also available.
- O Best Practice Descriptions/Processes: As a diverse technical company, 3M shares best practices several ways. Two of the most widely used internal organizations are the 3M Tech Forum and the 3M Engineering Technology Organization (ETO). These two organizations provide an extensive network of expertise through specialized chapters focused on 3M's core technologies and other emerging markets. Employees in R&D, manufacturing and other parts of the supply chain are able to collaborate and drive innovation globally across the organization
- Company Education Facility: In addition to a variety of general courses, webinars, etc., 3M offers specialized extended courses to increase skills such as the 3M Leadership Development Institute, the 3M Marketing University and the General Managers' and Managing Directors' (GM&MD) program.
- o Idea Management: Idea management is driven differently across the company depending on organizational needs and what works best for the area of work. Some platform examples include Innovation Live, Wiki Enterprise, and 3M internal and external social media channels. All systems are implemented and available globally to share best practices and ideas.

#### MEASURING AND RECOGNIZING EMPLOYEE ENGAGEMENT

As 3M corporate policy, a standard opinion survey is administered to all employees at locations worldwide once every two years. The information received is used to address employee concerns and identify opportunities for improvement. In addition, custom or "mini" surveys can be used by business units to gather additional information either as a follow up to the standard opinion survey or to go more in-depth on a particular topic. A variety of other 360 feedback tools are also available upon demand.

## **Employee Rewards and Recognition**

Hard work and extra effort are rewarded and recognized at 3M through an array of award programs. 3M sponsors many corporate award programs to honor individuals and teams that make significant contributions to the company. In addition, many divisions, departmental areas of business and staff units also have their own specific ways of recognizing and rewarding

people. Across 3M, management can choose from a variety of monetary and non-monetary awards to show appreciation for exceptional contributions. Examples of corporate awards include:

- The Carlton Society (Global) honors employees for their outstanding career scientific achievements, their contributions to new technologies or new products and their high standards of originality, dedication and integrity.
- <u>Circle of Technical Excellence & Innovation Awards (Global)</u> honor and recognize 3M individuals and teams that have made exceptional technical contributions to the innovation, productivity and growth of 3M.
- <u>Pyramid of Excellence Awards (Global)</u> recognize outstanding individual and team administrative-employee performance and contributions that align with 3M corporate and subsidiary goals, leadership attributes and customer service objectives.
- Quality Achievement Awards (Global) program consists of the Individual Quality Achievement Award, the Lewis W. Lehr Career Quality Achievement Award and the Team Quality Achievement Award, which identifies and recognizes the best performers in the 3M Quality and Lean Six Sigma communities. The program is an in-depth search for examples of the best practices and achievements. The objectives are to identify the best practices within the company, honor the teams and individuals involved and communicate those practices throughout our organization.
- O Global Marketing Excellence Award (Global) honors marketing professionals who have demonstrated excellence in leadership, planning, and executing exceptional marketing programs from around the world. Our aspiration is to be recognized as a leading-edge, world-class marketing organization that leverages advantaged insight and collaborative innovation to deliver exceptional growth.
- Golden Step Award (Global) honors the work of cross-functional teams who have developed significant new products, services, markets or business models. These products or services must have achieved at least \$10 Million in annual (calendar) sales within three full years after launch.
- Supply Chain Achievement Award (Global) recognizes 3Mers who have made significant, sustainable contributions to the improvement, execution, efficiency and results of our supply chains.
- 3M Pollution Prevention Pays (3P) Awards recognizes employees and teams that apply innovative thinking to projects that significantly prevent pollution and provide a positive economic benefit to 3M or our customers.
- 3M's Environment, Health and Safety Achievement Award. This global award is open to every 3M employee or employee team in all 3M worldwide locations who are environmental, health and safety pioneers at work, in the community, and through our products.
- O 3M CEO Safety and Health Award recognizes facilities, groups and business units for achieving sustained periods of zero lost time injury and/or illness cases. Calculated on a sliding scale according to exposure hours per month, this award equalizes the opportunity for achieving recognition between large and small units. Special categories take into consideration local reporting differences globally.
- 3M Applied Ergonomics Innovation Award recognizes efforts that improve the ability of employees to work safely and productively. It is not limited to improvements that reduce risk of injury, but also includes quality and efficiency improvements related to ergonomic issues.

#### **GLOBAL SAFETY AND HEALTH**

3M has a long history of ensuring global Safety and Health commitment to all employees. 3M's Safety and Health Policy applies to all 3M operations, including new acquisitions. It is based on our core business values and stems from our Environmental, Health, and Safety vision for "Safe and Healthy People, Products and Planet." The policy confirms 3M's commitment to protecting the safety and health of those working at or visiting a 3M location.

Corporate Safety and Industrial Hygiene operations executes the vision, strategies and policy by partnering with each of the six business units worldwide to develop and implement practical preventive and risk based solutions; driving safety health excellence throughout the company. All visitors, vendors, and contract workers at 3M locations are held to the same safety and health requirements as 3M employees, therefore consistent management systems and evaluation tools are critical to company safety and health success.

#### Safety and Health Management System & Performance

In 1996, a Global Safety & Health Plan (GSHP) tool was initiated for all 3M locations worldwide and is a well developed self assessment categorized into multiple elements addressing various areas and standards related of safety and health. The GSHP tool is an integral part of 3M's global safety and health management systems, which allow locations and the corporation as a whole to assess the current status versus various safety and health systems requirements. Using a standardized assessment approach allows for meaningful performance results to be shared throughout the company. Through implementation of this tool. each 3M location develops applicable safety and health management systems, identifies gaps in their safety and health programs/performance, and develops plans to close gaps and drive continuous improvement in their own safety and performance.



The GSHP standards embedded in the assessment tool are categorized under the following elements:

#### Management System Elements

Local Safety and Health Plans, Safety and Health Committees, Performance Appraisals, Staffing and Qualifications, Self Evaluations, Maintaining Records, Employee engagement, Orientation and Training, Change Management, and 24-hour Safety and Health

#### **Process Elements**

Chemical Exposure Assessment / Management, Ergonomics, and Process Safety

## **Procedural Elements**

Incident Management, Hazard Reporting, Contractor Safety and Health, and Emergency Preparedness

## **Medical Elements**

Employee Monitoring to Noise and Other Exposures for Bodily Harm, Biosafety

## **Chemical Hazard Elements**

Assessments, Communication, Training Programs, Use of Protective Equipment and Ventilation Systems

#### **Physical Hazard Elements**

Electrical Safety Machine Guarding, and Fire Prevention, Fall Protection, Flammable Liquids, Hoists, PIVs

## **Setting Goals and Measuring Safety and Health Performance**

Measuring leading indicators of Safety and Health performance is a key focus for 3M. Aggregated data from all Global Safety and Health Plan Assessments, Audits, and Incident reporting are evaluated to identify performance status and corporate wide opportunities. Metrics are tracked and reported for continuous improvement at the facility, business unit, regional, and corporate levels. Initiatives such as improving quality and level of implementation of safely and health management system elements (including preventive measures) at each 3M site results in increased awareness, mature programs, and reduced injury and illness rates. Based on the most recent evaluations, 3M has set the following key safety and health objectives for corporate wide continuous improvement in 2012.

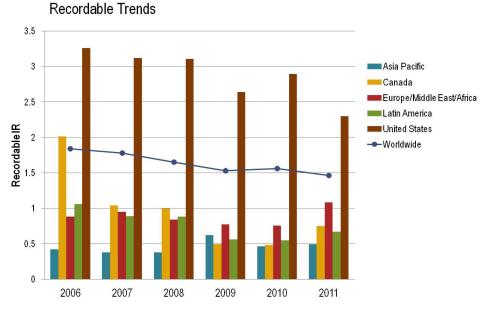
✓ Completed • In Progress O Not Started Yet ➤ Did not Meet

Corporate Safety and Health Objectives	Target	Milestones	Status
Implement standardized tool for risk characterization and prioritization.	Year- End 2013	<ul> <li>Conduct training on use of tool</li> <li>Integrate into global EHS auditing system</li> <li>Integrate into potential hazard reporting</li> </ul>	•
Enhance and improve worldwide incident reporting data quality for statistical accuracy and metrics evaluation.	Year- End 2013	<ul> <li>Conduct Six Sigma Improvement Project</li> <li>Establish timeline and work teams to complete project recommendations</li> <li>Implement project recommendations</li> </ul>	•
Increase quality of incident investigation reports and action items to drive better understanding of contributing factors and improvements in the control of hazards.	Year- End 2013	<ul> <li>Define, pilot, and refine a quality assessment tool</li> <li>Conduct training on use of tool</li> <li>Implement use of tool</li> <li>Adjust tool as needed for improvement</li> </ul>	•
Implement a standardized method for the identification, evaluation and control of machine hazards.	Year- End 2013	<ul> <li>Assess methods and tools currently in use</li> <li>Select method(s) that provide greatest control of machine hazards</li> <li>Pilot at locations where high severity events related to machine hazards have been historically high</li> <li>Implement final method(s) and tools</li> </ul>	•
Conduct facility EHS perception surveys and implement improvement activities.	Year- End 2013	<ul> <li>Conduct EHS perception surveys at all 3M manufacturing facilities</li> <li>Develop and implement facility EHS culture improvement plans</li> <li>Collect and share best practices for EHS culture improvement</li> </ul>	•

Corporate Safety and Health Objectives	Target	Milestones	Status
Implement new global audit management system.	Year- End 2013	<ul> <li>Define and deliver new software</li> <li>Conduct training for lead auditors</li> <li>Pilot and implement use of tool</li> </ul>	•
Complete baseline exposure assessments worldwide.	Year- End 2013	<ul> <li>Complete Comprehensive         Chemical &amp; Noise Baseline         Qualitative Exposure         Assessments in new Industrial         Hygiene software system for all         sites     </li> </ul>	•
Implement Air and Noise Monitoring Certification program to enhance protection and performance.	Year- End 2014	<ul> <li>Develop Air and Noise Monitoring certification program</li> <li>Certify an Air and Noise Monitoring resource for each site where monitoring is conducted</li> </ul>	•
Improve global implementation of 3M Ergonomic Program.	Year- End 2013	<ul> <li>Clarify ergonomic program expectations</li> <li>Implement a new ergonomic program prioritization and planning tool</li> <li>Enhance training and certification requirements for facility ergonomic subject-matter-experts</li> </ul>	•

3M has been monitoring, measuring, and working toward improving leading indicators of performance while simultaneously increasing the growth of the company. As a result of our efforts, lagging indicators such as worldwide recordable and lost time rates have decreased overall between 2006 and 2011. 3M follows the US OSHA recordkeeping rules and formulas to record and measure injury / illness rates worldwide.

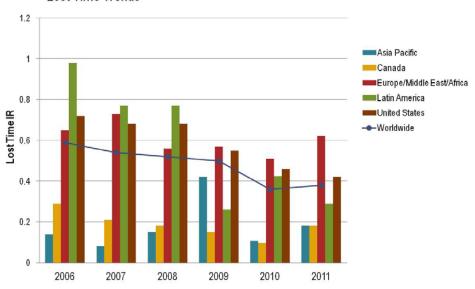
## 3M WORLDWIDE - BY REGION



Annual Recordable incidents per 100 employees (200,000 work hours)

## 3M WORLDWIDE - BY REGION

Lost Time Trends



Annual lost time incidents per 100 employees (200,000 work hours)

Fatalities	Unit	2006	2007	2008	2009	2010	2011
Employees (work-related fatalities)	Total number	1	0	0	0	1	0
Contractors (work-related fatalities)	Total number	0	0	0	0	0	1

There were zero employee and contingent worker fatalities on the job in 3M during 2011. However, we were struck by the loss of a contractor performing routine construction work. This person fell approximately 1 meter from a small portable A-Frame style ladder that was 1.5 meters in height. The fall resulted in a fatal head injury. This tragic accident clearly demonstrates that even low risk tasks can result in severe consequences when control mechanisms and layers of protection fail to work as intended. The 2012 objective to improve risk management across 3M is a part of the measures being taken to help prevent serious injuries and fatalities in the future.

#### Improving Safety and Health for our Customers

3M offers many products to assist our customers in improving their Safety and Health.

3M Personal Protective Equipment and Safety Products

#### For Further Information:

• 3M Safety and Health Policy

#### PANDEMIC PREPAREDNESS

3M has followed the advice of the World Health Organization, U.S. Centers for Disease Control and other governmental agencies, and has developed a preparedness plan for a possible global pandemic.

3M's pandemic preparedness plan addresses disease prevention and control, and maintenance of business continuity. Response measures for disease prevention and control are categorized under the following areas: public health communication and education; medical prevention and protection; social distancing and medical surveillance; workplace hygiene; medical supplies and resources; and business travel, Foreign Service employees and families.

The plan utilizes materials and best practices from a number of resources including pandemic planning recommendations from the World Health Organization, U.S. Centers for Disease Control and Prevention, government and other multinational company plans.

Our Corporate Crisis Management Team manages a wide range of crisis situations including pandemic preparedness. Every 3M facility has a facility/country crisis management team, plan, and associated communication/response strategies developed in the event of a pandemic situation. 3M Corporate Occupational Medicine monitors global pandemic alerts and communicates the level of response depending on both the level of person to person contact and how widespread the disease is in humans.

#### **ENGAGING OUR SUPPLIERS**

All 3M suppliers are expected to comply with applicable laws. Those expectations are embedded in 3M Contract and Purchase Order terms. 3M supplements those contractual requirements with Supply Chain Policies that specifically address environmental, health, safety, transportation and labor/human resources practices and the content/origin of materials supplied to 3M. Those Policies apply to the selection and retention of suppliers and establish a framework that 3M considers important to a safe and healthy workplace, the maintenance of fair and reasonable labor and human resource practices (including the prohibition of slavery and human trafficking), management of manufacturing and distribution operations to minimize adverse environmental impact and compliance with material content/origin laws. 3M expects suppliers to establish programs that are consistent with those Policies.

## Supplier EHS/Labor/Transportation Performance

3M periodically monitors supplier performance against its Policy expectations. Assessing that performance is challenging because of 3M's many thousands of suppliers, numerous supply chain tiers and complex global supply chains. 3M has implemented a risk-based supplier assessment process to help assure that its suppliers meet its expectations:

- Suppliers are ranked using a prioritization matrix tool.
- The matrix takes into account country & type of operations and annual 3M purchases.
- Prioritized suppliers may be asked to complete a self-assessment survey (SAS).
- The SAS is used to understand supplier programs and whether they meet the intent of 3M Policies.
- An on-site audit may be conducted.

- If any deficiencies are identified during an on-site visit, a correction plan is developed.
- 3M conducts follow-up audits or other communications to assure that deficiencies are corrected.

The supplier audit process covers environmental, health and safety practices and training, general working conditions, emergency response procedures, hazardous materials management including transportation protocols and employment practices. Audits are conducted by 3M staff in most cases, but 3M may use third party audit firms as necessary. The assessment program has independent oversight from the 3M EHS Advisory Committee. Customer or general public concerns can be brought to 3M's attention via phone or website (www.3M.com/About 3M).

More than 1,800 self-assessments or on-site audits of suppliers have been conducted in China, India, Korea, Malaysia, Taiwan, Thailand, Brazil, Mexico, Russia and Turkey over the past six years. Suppliers reviewed in the last three years represent 74% of 3M's 2011 spend in the listed countries. Most suppliers met 3M's expectations. Those requiring improvement were given specific corrective action in order to retain 3M business. Suppliers with corrective action must pass a 3M re-qualification assessment after completing the necessary steps.

The most common audit findings pertain to machine guarding, human resource documentation and pay controls. Most suppliers work very quickly to address any 3M findings. Those suppliers unwilling or unable to take the necessary corrective action in a timely manner have been terminated by 3M.

In addition to existing suppliers, many potential suppliers have been evaluated using the assessment tools. Several 3M businesses have incorporated supplier EHS and labor considerations into life cycle management reviews and have independently performed assessments of key suppliers.

#### **Supplier Development**

3M communicates its sustainability expectations to suppliers through contract clauses, specifications, links to 3M's website and in direct business meetings. Improving energy efficiency and reducing waste are common supplier meeting agenda items. 3M has expanded its involvement with the US "Energy Star" program by promoting the pledge program with key suppliers and has hosted a best practice seminar.

## **Sourcing Training**

3M sourcing staff with responsibility for supplier relationships receive training on all aspects of supply chain sustainability, including slavery and human trafficking prohibitions. Most recently 3M has provided training on understanding and managing environmental preference factors in supplier selection.

## **Supplier Diversity**

Sourcing from diverse businesses that are small, minority-owned, woman-owned, small veteran-owned, service-disabled veteran-owned and certified HUBZone is an important factor in how 3M purchases goods and services. These businesses comprise a vital, growing segment of our economy and offer great potential for helping 3M obtain best value, innovation, growth, and diverse goods and services. In addition small and diverse businesses provide economic and social energy to the communities in which we operate. 3M is committed to aggressively and proactively identifying diverse business sources for all goods and services purchased. 3M

works to solicit capable firms and execute orders and contracts with those firms as required to support 3M business needs. Sourcing personnel have access to various supplier diversity directories and resources to assist in identifying sources.

When awarding business to diverse suppliers, 3M also considers the community impact. Changing demand patterns may require 3M to reduce spend with a particular supplier. If 3M purchases represent a high percentage of that supplier's total business, local employment opportunities can be affected. 3M attempts to manage its spend levels with individual suppliers to avoid this type of community impact.

3M's Partners and Suppliers website is the gateway to learn more about 3M's supplier requirements and our diversity initiative: www.3M.com/Partners/Suppliers

## **Supplier Information**

3M uses product responsibility databases and tools to better manage environmental and health and safety information related to 3M products. Extensive efforts have been taken with 3M suppliers to gather product composition/origin information and other environmental, health and safety data to ensure compliance with applicable laws wherever 3M does business and respond to customer inquiries.

#### **Paperless Transactions**

In addition to the 3M Environmental Solutions Catalogs, 3M has worked to e-enable many business e-commerce processes. In the US, 85% of purchase orders are sent electronically, 92 percent of purchase order invoices are received electronically and 75 percent of payments are paperless. This has eliminated tens of thousands of paper documents per year. In a recent third-party benchmark study, 3M's e-commerce results were well above other US best in class companies.

## **Continuing our Progress**

3M is an innovative company and will continue finding new ways to improve supply chain sustainability.

## **Further Information**

- 3M Sourcing Sustainability Standard www.3M.com/Sustainability (Working with Suppliers)
- 3M Supply Chain Policies(<u>www.3M.com/Sustainability (Working with Suppliers)</u>)

## **CORPORATE CITIZENSHIP AND COMMUNITY ENGAGEMENT**

#### STAKEHOLDER INTERACTION

# Meeting the Needs and Keeping in Touch

In our efforts to advance Sustainability, we continuously strive to maintain a continuous and open dialogue with the community, shareholders, employees, retirees and other interested parties concerning past achievements and future sustainability goals. The interconnection of environmental stewardship, societal needs, and market opportunities informs continuous reassessment and sustainable development progress. We remain committed to providing investors with an attractive return through sustained, high quality growth.

3M shares information regarding our efforts, focus areas, and relative growth through a number of online and printed publications, open houses, and facility tours

#### **Engaging Stakeholders**

3M recognizes the connection community stakeholders have to business. The discussions and interactions with stakeholders help the company keep awareness of emerging issues and respond in a responsible manner. 3M develops engagement plans and communicates with a wide variety of stakeholders at the corporate, regional, or local level. 3M strives to meet stakeholder expectations at a global level on global issues; however the majority of stakeholder interactions occur at the place where 3M activities touch our stakeholders.

## Local and Regional Stakeholder Engagement

In 2005, 3M developed a new, more systematic local and regional stakeholder engagement process. This new method was developed as a formalized process to help facilities establish a consistent, documented, and proactive system to drive engagement. As part of 3M's 2015 Sustainability Goals, facilities selected on a risk prioritized basis are to complete and document the following activities:

- Identify critical stakeholders
- Analyze and evaluate their current stakeholder engagement activities
- Identify communications opportunities
- Identify local community needs and align with 3M's giving priorities
- Develop and implement a stakeholder engagement plan
- Measure the plan's effectiveness through charitable giving results and engagement activities

#### **Stakeholder Engagement Plans**

Approximately 70 manufacturing facilities globally have completed a stakeholder engagement plan. While facilities will develop a stakeholder engagement plan using developed guidelines, the engagement tactics employed by each location are developed to meet the needs of regional or local stakeholders. 3M locations use a wide range of methods to consult and interact with stakeholders:

- Neighbor Meetings
- Employee Meetings
- Employee Surveys
- Community Newsletters
- Facility Open Houses and Tours
- Active Participation in Local Civic Groups
- Participation in community organizations (e.g. chambers of commerce, task forces, nonprofit boards, mentoring in schools)
- Facility Websites

#### **COMMUNITY INVOLVEMENT**

Our goal is to positively impact 3M communities, and prepare individuals and families for success through support of education, health and human services, the arts, and the environment with the following areas of emphasis:

- <u>Education</u>: Science, Technology, Engineering and Math (STEM); and Economics/Business education to prepare students for future careers
- Health and Human Services: Support of United Way in 3M communities, disaster relief; and programs that promote youth development through quality out-of-school programs and early childhood education
- Arts and Culture: Premier arts organizations with educational outreach and diverse programming
- <u>Environment</u>: Make a lasting impact on the Earth's ecosystems and promote science based environmental and conservation education
- Volunteer and Civic: Engage, recognize and support 3M volunteers

Global community giving and involvement is decentralized with 3M subsidiaries in each country developing and administering programs that are consistent with the local culture, community needs, and the environment in which they operate. In the United States, 16 community relations councils develop regional strategies and direct local charitable giving.

#### **GLOBAL CONTRIBUTIONS**

Contributions from 3M and 3M Foundation supports education, health and human services, arts and culture, and environmental organizations that:

- Are established, well-managed non-profit groups that are classified as charitable organizations for tax purposes and located in 3M communities
- Provide broad-based community support with a reputation for high-quality service delivery and measureable results
- Develop close relationships with community to identify changing needs

**Summary of 2011 Community Giving** 

			In-Kind-Product	
	Total Donations		Donations (\$USD Fair	Estimated
	(\$USD)	Cash Donations (\$USD)	Market Value)	Volunteer Hours
United States	\$60,962,608	\$26,786,569	\$34,176,039	154336
Middle East Africa	\$78,670	\$20,512	\$58,158	1053
Asia Pacific	\$2,355,312	\$674,949	\$1,680,363	9317
Latin America	\$82,200	\$71,100	\$11,100	200
Central Eastern Europe	\$90,113	\$90,113	Not Available	Not Available
Western Europe	\$2,694,129	\$1,746,403	\$947,726	4066
TOTAL	\$66,263,032	\$29,389,646	\$36,873,386	168,972

3M's community giving data is provided above is collected through a manual self reporting process rather than through traditional accounting systems. Not all countries reported data in 2011.

#### **EMPLOYEE PARTICIPATION**

Through 3M's volunteer match program, we compound our employees and retirees volunteerism by donating funds to the organizations where they give their time. Community participation and volunteer service is especially encouraged at management levels and therefore their respective employees. 3M encourages volunteerism to enhance the quality of life in our communities; to support their efforts by sharing information about community needs and volunteer opportunities, and to recognize the sharing of time and talents to make a difference in our communities.

Employees can participate in a variety of ways:

- Volunteer service on non-profit boards or community projects
- Service on 3M advisory committees that shape funding priorities and assist with the review of grants
- 3M Volunteer Match with contributions to nonprofit organizations where employees volunteer 20 hours or more and retirees volunteer 25 hours or more per year
- 3M Matching Gift Program for colleges and universities throughout the year and special matches for areas like hunger relief and the environment.

## **2011 Volunteer Participation**

<u>United States</u>: Through 3M Volunteer Match, the 3M Foundation has donated more than \$4 million USD in the names of more than 18,000 volunteers, sending grants to more than 2,500 organizations in 50 states.

2011:

- 3M-sponsored programs: Over 5,000 volunteers
- 3M/Saint Paul Public School Partnership: over 1,000 volunteers
- 3M Community Giving/United Way Campaign group volunteer activities: 15,500 hours.

#### 2011 Giving Highlights

#### Education

- <u>Supplies 4 Schools (USA):</u> A program to help classroom and school budgets go farther through donations of 3M products (e.g. glue sticks, safety glasses, Scotch Post-it® notes, flags) for classroom use.
- Project Lead the Way (PLTW) (USA): Headquartered in Indianapolis, IN a program to open student's minds and sparks their interest in engineering. PLTW's middle and high school provides continued exposure as students learn and continue to develop problem solving and technical thinking skills. Over \$1.5 million has been awarded to schools in 3M communities across the country since 2008. 3M volunteers reinforce classroom learning as guest speakers sharing their experience and backgrounds to inspire students to think about their future.
- <u>Destination Imagination (USA):</u> a creative problem solving competition for student teams from elementary – college. 3M Foundation sponsors the structure challenge where students build a structure from balsa to bear weight. Teams from 45 states and 18 countries will converge at the University of Tennessee in Knoxville for the global finals in May 2012.
- <u>Science Outreach (Singapore):</u> A program modeled after the 3M Visiting Wizards. It is done in partnership with Ministry of Education. Employees interact with students; provide career talks at colleges and universities

- <u>Science, Technology, Engineering, and Math (Germany):</u> A partnership with local
  officials to support Science, Technology, Engineering and Math education providing
  funding, volunteers and product to help engage the next generation of scientists and
  engineers.
- <u>Lego Challenge (USA)</u>: First "Lego League" is an international competition whereby student teams build and program Lego robotics to compete in a challenge. A 3M Foundation grant helps sponsor the challenge and playing fields used by all teams. A 3M logo is on the mat recognizing support to develop the mat and Lego pieces are held in place by 3M Hook and Loop.
- <u>Job Training (Brazil):</u> 3M Brazil Foundation works with local schools to provide job training for parents to help them obtain new skills leading to employment opportunities.
- M WorldlyWise Web Site (UK): Teachers have extra resources to educate their pupils about sustainable living and the challenges of climate change, thanks to the latest additions to 3M Worldly-wise, a website developed by 3M UK to support the teaching of sustainable living to 11-16 year olds. The interactive geography section covers a wide range of topics including farming, forestry, power stations, recycling, pollution, and renewable energy, whilst the STEM section take ambassadors straight to a suite of resource that have been designed specifically for classroom activities.

#### Health and Human Services

- <u>United Way (GLOBAL)</u>: 3M's long relationship with United Way (with numerous employees serving on boards and committees) is testimony to the strength of the organization, the agencies that receive funding, and its attention to community solutions. In 2011, the combined total pledges from 3M employees and retirees in the U.S., and the 3M Foundation gift contributions, equaled more than \$8 million. With volunteerism a key component of the 3M Community Giving Campaign, 15,500 volunteer hours were logged by 3Mers across the country. More and more of 3M's international locations are participating with United Ways as well, including Canada, Argentina, Brazil, Chile, Colombia, Australia, and Hungary. 3M was one of the founders of United Way in Argentina.
- <u>Project HOPE (GLOBAL)</u>: For more than 50 years, Project HOPE has rushed medical
  aid to disaster victims around the world in addition to training local medical workers and
  establishing hospitals in Shanghai and Iraq. For 40 of those years, we've been at their
  side, donating cash, medical supplies, face masks, and other products. Since 1970,
  we've donated more than \$21 million to Project HOPE, including \$2.5 million in cash and
  \$18.5 million in products.
- <u>Social Innovation Institute (Brazil):</u> 3M Brazil's Social Innovation Institute uses 3M innovation to find easily replicated and affordable solutions to the country's most pressing social issues in collaboration with local governments. Among its breakthroughs: a unique bread that helps combat malnutrition and hunger, a rainwater-collection system for farmers struggling with both drought and poverty, and a process for using the rubber from old tiles in construction bricks.
- Health Care Train (South Africa): 3M South Africa makes an annual donation of dental materials, wound dressings, stethoscopes, and other medical products to the "health care train," which delivers dental and medical care to 45,000 people in remote, rural communities every year.
- <u>Disaster Relief (GLOBAL):</u> As a member of American Red Cross Annual Disaster Giving Program, 3M contributes to disaster relief on a global basis. In 2011, over \$350,000 was given through American Red Cross, UNICEF, and other disaster relief

organizations to support relief and recovery efforts in Japan, Alabama, Arkansas, Massachusetts, Minnesota, Texas, and Thailand.

• Tohoku Project-Rebuilding a Safer Japan: In March 2011, the Great East Japan (Tohoku) Earthquake devastated the Japanese people. With tremendous courage and in the spirit of the Japanese people, 3M Japan Group employees with assistance from 3M worldwide responded to both business and human needs in an immense way. To help accelerate the mid-term reconstruction and long term economic rebuilding of the area, 3M Japan has begun full operation of a newly formed Tohoku Project Department to promote an all 3M cross-functional approach to facilitate the re-building with cooperation of local municipalities. Many of 3M's technologies and products will help Japan be safer. 3M Japan, together with 3M in the United States gave financial assistance and in-kind donations of medical products and stationary amounting to over 335 million yen (\$4.4 million) to support relief and reconstruction.



- <u>Sales...</u> Force for the Kids (U.S.): 3M's U.S. sales force engaged with Boys & Girls Clubs across the country providing \$100,000 in total cash grants and over \$130,000 in product donations to local Clubs. With 3,000 hours volunteered by over 550 volunteers, 13,000 youth will benefit from their activities which included Club clean-up efforts, room makeovers, schools out and back-to-school events, and math and science activities.
- Girl Scouts of Minnesota & Wisconsin River Valleys (U.S.): Celebrating the Girl Scouts
  Centennial year, the 3M Foundation provided a \$250,000 grant to support math and
  science programming for the Girls and the Centennial Day of Service activities to benefit
  the environment.
- YMCA 3M Camp Eureka for Kids (Singapore): 3M sponsored a day camp to engage children in holiday enrichment classes. Eighty children participated along with 62 3M volunteers. 3M's Visiting Wizards help stimulate an interest in science through fun problem-solving and solution creations.

#### Arts and Culture

- Smithsonian National Museum of American History: 3M provided a \$100,000 grant for the new American Enterprise exhibit opening in 2014. The exhibit tells the story of companies and people who helped shape the nation providing jobs, innovative products and expansion into global markets.
- Zachary Scott Theatre Center (Austin, TX): 3M provided a \$150,000 cash and product donation to help construct the new 418-seat Topfer Theatre opening in 2012. Zach is much-loved by the Austin community, and this new space will re-energize the 79-year-

- old theater with a space nearly twice the size of the two existing stages. The theater is rising at a key downtown intersection and on the shores of the beautiful Lady Bird Lake.
- Minnesota African American Museum & Cultural Center (Minneapolis, MN): A \$100,000 capital grant for development of the museum and cultural center which will become the cultural destination for students, residents and visitors, illuminating Minnesota's black history. Through education programming and outreach, the goal is to increase opportunities for success in school and future careers among African American youth.
  - Minnesota Children's Museum: For renovation of the current museum and establishment of a new Science Gallery converging early learning in the physical and natural sciences.

#### Environment

3M has donated more than \$21 million to support environmental organizations and projects including species preservation, water conservation, forest protection and restoration, and creation of protected areas, all of which provide significant benefits to local communities.

- Working with the Nature Conservancy (Global): 3M provided a \$500,000 grant to protect one of the largest tropical savanna grasslands located in the Northern Territories of Australia. With this grant, the Conservancy helped purchase the 700-square-mile Fish River Station with the intention of returning the land to its original owners four Aboriginal clans and helping to re-establish traditional management and fire patterns on the property. In 2011, a \$1 million grant for the Crown of the Continent project represents two of the largest conservation acquisitions in North American history and knits together a 60-million-acre network of protected public lands across Montana, Idaho, Wyoming, and into southern British Columbia.
- River Relief (Columbia, MO): The Big Muddy Clean Sweep used a barge traveling downstream on the Missouri River as a headquarters for river clean-ups and river education across the state of Missouri. The event in the Columbia area, worked with 500 residents and students from area schools on river clean-up and river education efforts.
- Contributing to the Environment through Emission Credits (USA): Under US environmental laws, 3M has been able to earn emission reduction credits for reducing air emissions beyond environmental regulatory requirements. In most cases where 3M has done this, credits were sold and contributed to projects with an environmental benefit or contributed the emission credits to state and local governments for air quality improvements. Over the past 5 years, proceeds from the sale of emission reduction credits were donated to several non-profits, primarily in Minnesota for environmental permitting. Grants were made to:
  - Belwin Nature Center-Environmental Education Dock Replacement Project
  - Deep Portage Learning Center-Birds, Climate and Teacher education programs
  - Dodge Nature Center-Sustainable energy education project
  - Eagle Bluff Environmental Learning Center-Climate of Change Education program.
  - Eco-Education-Urban Environmental Education Initiative
  - Harvard University

- <u>Learning for a Sustainable Future (Canada):</u> This partnership integrates sustainability education into Canada's education system, advancing the knowledge, skills, values, and actions essential to responsible citizenship.
- Environmental Education Program in Public Schools (Brazil): In partnership with the Education Secretary, about 30,000 students study the regional environment, the importance of natural resources, responsible energy consumption, and recycling.

#### Volunteer and Civic

- <u>Science outreach</u> (Singapore): 100 volunteers from 3M Singapore are involved in science activities with students ages 9-12.
- Earth Day (Hungary): 3M Hungary volunteers participated in a program.
- <u>Earthquake and tsunami</u> (Japan): Approximately 100 employees from 3M Japan volunteered in relief efforts.
- <u>Children's events</u> (Spain and Portugal): Working with NGOs that help children in need, volunteers provided special events for children to participate in.

#### Further Information:

 Community Involvement (United States) Website (NOTE: Links to other Regional Community websites are provided on the USA page):
 www.3M.com/Sustainability (Community Giving)

## **MEMBERSHIPS AND PARTNERSHIPS**

Partnerships are an important part of 3M's Sustainability Strategy. 3M partners with a variety of organizations to help provide us with a diverse set of viewpoint on sustainability, a better understanding of the positions of our stakeholders, and a mechanism to learn from the successes and failures of our peers.

While 3M partners with many organizations; some examples are listed below:

#### NATIONAL, INTERNATIONAL, AND LOCAL GOVERNMENTS

- United States Environmental Protection Agency (US EPA) Clean Air Act Advisory Committee (Charter Member)
- US EPA's Green Power Partnership
- US EPA's and US Department of Energy's (DOE) Energy Star Program
- Federal Office of Social Insurance (Switzerland)
- Federal Office of Health (Switzerland)

#### COMMUNITY, ACADEMIC, AND NON-GOVERNMENTAL ORGANIZATIONS

- Air and Waste Management Association
- Alliance to Save Energy
- Climate Initiative
- Friends of the Mississippi River
- Harvard Medical School, Center for Health and the Global Environmental

- Junior Achievement-US and Switzerland
- Minneapolis Institute of Arts
- Minnesota Environmental Initiative
- National League Against Cancer
- The Nature Conservancy
- The Science Museum of Minnesota
- Hand on Twin Cities
- St. Paul Public Schools
- The United Way
- WWF Italia

#### **BUSINESS ASSOCIATIONS**

- CSR Netherlands (MVO Nederland)
- Oree
- The Global Environmental Initiative
- The World Business Council for Sustainable Development
- National Stone, Sand, and Gravel Association
- U.S. Chamber of Commerce
- Zurich Chamber of Commerce
- Fuel Cell Council
- Federchimica

#### **SUSTAINABILITY AWARDS**

3M's continued focus on innovation combined with enthusiasm, creativity, passion, and hard work is creating a stronger company. These qualities are continually validated in external recognition that 3M receives. This reinforces 3M's reputation as a diversified technology company that continually strives to provide innovative and practical solutions while maintaining a commitment to sustainability. Below are examples of awards and recognition from the last two years. For more historical awards (2006-2010), please refer to past Annual Sustainability Reports (GRI)

#### 2011

- <u>Dow Jones Sustainability Index</u>: 3M included as a member of the 2011-2012 DJSI Index. Identified as sector Mover in the Diversified Industrials sector.
- <u>Interbrand Best Global Green Brands</u>: 3M ranked #2 on the list of "greenest brands" The report measured both public perception of a brand's environmental performance and the brand's actual performance based on publicly available information.
- ENERGY STAR "Sustained Excellence Award- 3M received the energy star award for industry leading seventh consecutive year.
- <u>Brandlogic</u>: Results indicate perception is in alignment with performance and 3M is considered one of the leaders.
- <u>Duquesne University's Green to Gold Award</u>: 3M won the 2011 Green to Gold Award as an American company that demonstrates commercial success in sustainable business practices.

- <u>German Sustainability Award</u>: 3M Germany placed among the top 3 in the category "Germany's Most Sustainable Strategies for the Future"
- <u>MIPIM Green Building Award</u>: 3M Italy Headquarters received a green building award based on a vote of real estate and development professional attended the world's leading real estate event in France (MIPIM International Trade Show).
- Global 500 Top Contribution List in China (Southern Weekly): 3M China ranked #62 of Top 200
- Reputation Institute: 3M ranked #4 among the 150 most reputable large companies in the U.S.
- Corporate Reputation and Social Responsibility Rankings Index: 3M ranked #10 among the top 50 U.S. companies that consumers distinguish for corporate social responsibility.
- <u>Harris Interactive U.S. Reputation Quotient Survey:</u> 3M ranked #3 amongst 60 of the most visible companies in the U.S.
- Corporate Responsibility Magazines-"100 Best Corporate Citizens": 3M ranked #6 on the list of 100 best corporate citizens.
- <u>Barron's "World's Most Respected Companies</u>: 3M ranked #7 on the list of the world's most respected companies.
- Fortune's 2011 World's Most Admired Companies: 3M ranked 97<sup>th</sup> on the Fortune 500 list of the largest companies in the U.S. based on revenue.
- <u>"Top 25 World's Best Multinational Workplaces":</u> 3M ranked #16 on the first ever Top 25 World's Best Multinational Workplaces List. 3M Europe ranked 5<sup>th</sup> among the "100 Best Workplaces in Europe".
- <u>Best Companies for Diversity/Careers in Engineering and Information Technology:</u> 3M was named to the 2011 list of best companies.
- Great Places to Work Institute: The evaluation and ratings in the "Great Place to Work" program are based on an anonymous random employee survey and an extensive analysis of corporate culture. A number of 3M entities were again recognized by the Great Places to Work Program.
  - 3M Argentina: 2005, 2008
  - 3M Austria: 2010, 2011, 2012
  - 3M Bolivia: 2010
  - 3M Brazil: 2003, 2004, 2005, 2009, 2011
  - 3M Chile: 2004, 2005, 2006, 2008, 2009, 2010, 2011
  - 3M Czech Republic: 2011
  - 3M Ecuador: 2009
  - 3M ESPE in Germany: 2009, 2010, & 2011
  - 3M Germany: 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011
  - 3M Ireland: 2010, 2011, 2012
  - 3M Paraguay: 2009
  - M Peru:2004, 2005, 2006, 2007
  - 3M Spain: 2008, 2010, 2011, 2012
  - 3M Ukraine: 2011
  - 3M Subsidiaries in Latin America: 2005
  - Best Large Workplace in Europe: 2009

## REPORT DATA COLLECTION, ADJUSTMENTS AND VERIFICATION

## DATA PERIOD

The data provided in this report through facts and figures are based on activities during 3M's fiscal year 2011 (January 1, 2011-December 31, 2011). For some performance indicators previous year's data is provided to allow for annual comparisons.

## **REPORT DATA COLLECTION**

Due to the size and geographical extent of our operations, it is at times difficult to obtain all data points. Therefore to the extent possible, limitations and assumptions are stated as information is presented in the report. The data reported in this report has been reviewed for accuracy and completeness, including the reliability of the systems used to obtain the data by corporate staff professionals in each area. Corporate staff have also verified the implementation of policies and management systems through audits and self-reporting systems.

- <u>Financial Data:</u> Financial information referenced in this report is collected and reporting in accordance to United States Securities and Exchange Commission through the 2011 Annual Report.
- Environmental, Health, and Safety Data: The environmental, health, and safety data in
  this report is related to release to the environment, safety performance, management
  systems implementation, and regulatory compliance. Data collection systems are in
  place at the applicable sites to track and collect environmental and safety data through
  the corporate-wide EHS reporting systems (e.g. Environmental Targets Database,
  Worldwide Incident Management System).
- <u>Social Data</u>: The data related to employee metrics and community programs has been derived from various databases from within the Human Resources and Community Affairs Organizations. This data has been reviewed and verified by the departments responsible for maintaining the internal reporting systems.

Sites acquired by 3M are integrated into 3M programs and reporting systems via a staged approach. Timeframe for integration varies depending on subject matter reporting requirements and site systems prior to being acquired, however on average ranges between 1 and 3 years.

#### **BASE YEAR AND OTHER ADJUSTMENTS**

3M's annual report (10K) and investor relations web site documents any changes to financial data. Several of 3M's environmental goals are normalized per net sales. 3M does not adjust sales data for inflation.

3M generally does not adjust its base year environmental metrics data to reflect changes in 3M's organization structure. As a result, 3M sets environmental targets that are normalized or indexed to production (tons emitted/net sales) to ensure the environmental progress we report publically is not unduly influence by changes to our organizational structure. However, in the case of our greenhouse gas emissions data, 3M follows the World Resource Institute and World Business Council for Sustainable Development's GHG protocol. Consequently, we readjust our greenhouse gas emissions base year data in the case of business acquisitions and divestitures.

In every case, 3M adjusts base year and other year's data if data collection methods change or data errors are identified. Any significant changes in the measurement methods and/or data values applied to key environmental metrics from previous years are documented with the report's content. Significant changes are defined by 3M's Sustainability Report as changes greater than 5% of the original data point. In the case of minor changes less than 5% of the original data point, the data point is modified to reflect the minor changes in measurement method or data.

In 2011, 3M returned to a more conventional definition of waste which considered recycling as neutral (contributing neither toward total waste or toward good output). Between 2005 and 2010 3M adopted a different definition of waste to drive the company's waste reduction efforts toward more sustainable solutions, such as pollution prevention. 3M's waste reduction goal and progress during this period included recycling. Waste data is reported in this report using both definitions. When total waste is discussed in general, a conventional recycling neutral definition is used.

In 2007, data entry errors were identified at four 3M manufacturing facilities through internal and external auditing. The correction of these errors led to a 5.8% increase in 3M's 2006 reported VOC emissions and a 1.2 % increase in the company's reported waste generation. In 2009, there were no significant changes to 3M's sustainability data.

3M adjusts social metrics per the requirements of polices, standards, and regulations in those respective areas. For example employee headcount metrics would be reinstated accordingly if reorganization occurs to an existing legal entity.

#### REPORT AND DATA VERIFICATION

3M's 2011 Sustainability report was prepared using the Global Reporting Initiative's G3.1 Sustainability Reporting Guidelines. GRI is a voluntary reporting protocol used and supported by 3M and companies to promote international harmonization in the reporting of relevant and credible corporate environmental, social, and economic performance information. Note: GRI has not completed a formal check or verified contents of this report, nor does it take position on the reliability of the information reported herein.

## Internal verification:

3M has conducted an internal verification of the information provided in this report. The objectives for our assurance process included:

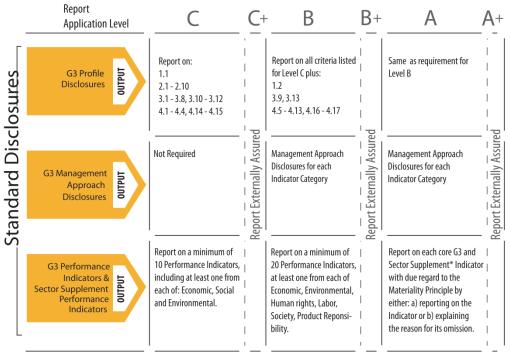
- Accuracy and completeness of data
- Reliability of systems used to measure and record data
- Reliability of ratios compiled from underlying data (Operational Eco-Efficiency Metrics)
- Adherence to the GRI G3.1 Reporting Guidelines
- Implementation of internal policies and related management systems as reported
- Presentation of a completed and fair picture in the report as a whole

#### Third Party Verification and Assurance:

Third party verification and assurance for this report was provided by Trucost (See Appendix A). Trucost verified and assured the Environmental (waste, water consumption, VOC emissions), Compliance metrics, and Safety and Health data (worldwide recordable and lost time incidents). Other data provided in this report (e.g. greenhouse gas emission inventory, energy usage, social data) is verified by other methods as noted previously.

#### **GRI APPLICATION LEVELS**

The image below illustrates the GRI's possible application levels under G3.1. 3M self declares the 2011 report as a "C+" level report. However many elements of the A or B level are included.



\*Sector supplement in final version

#### **Further information**

Global Reporting Initiative: <a href="https://www.globalreporting.org/Pages/default.aspx">https://www.globalreporting.org/Pages/default.aspx</a>

## GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

The Global Reporting Initiative (GRI) is a network-based organization that includes representatives from business, government, labor, third-party advocacy groups and academia. The GRI organization has developed a framework for sustainability reporting. Following the GRI Sustainability framework advances two important objectives: Transparency and the ability to compare results from one organization to another. 3M has developed this report using the Global Reporting Initiatives' G3.1 Guidelines. The table below outlines where specific GRI reporting elements and indicators are addressed in the report or other reporting sources including 3M's Annual Report-10K (AR), 2012 3M Proxy Statement (PR), or other noted sources.

GRI Profile Disclosure	Description	Cross Reference (Hyperlinks) OR Direct Answer	Page(s)	GRI Reporting Level
Strategy and	d Analysis			
1.1	Statement from the most senior decision maker of the organization	Executive Message	7	Full
1.2	Description of key impacts, risks, and opportunities	Executive Message	7	Full
	risks, and opportunities	Our strategies	26	
		Sustainability Materiality	16	
Organizatio	nal Profile		1	
2.1	Name of the organization	Company Overview	8	Full
2.2	Primary brands, products, and/or services.	Our Products	9	Partial
		3M Website-Our Products		
2.3	Operational structure of the	Company Overview	8	Full
	organization, including main divisions, operating companies, subsidiaries, and joint ventures.	2011 Annual Report	AR:3-8	
2.4	Location of organization's headquarters.	Company Overview	8	Full
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues	Company Overview	8	Full
2.6	Nature of ownership and legal	Company Overview	8	Full
	form.	2011 Annual Report	AR:1	
2.7	Markets served (including	Company Overview	8	Full
	geographic breakdown, sectors served, and types of customers/beneficiaries).	Our Products	9	

GRI Profile Disclosure	Description	Cross Reference (Hyperlinks) OR Direct Answer	Page(s)	GRI Reporting Level
		2011 Annual Report	AR:3-6	
2.8	Scale of the reporting organization	Company Overview	8	Full
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	2012 Proxy Statement  2011 Annual Report (Acquisitions/Divestitures)	PR:22-47 AR:58-60	Full
2.10	Awards received in the reporting period.	Awards and Recognition	84	Full
Reporting P	arameters			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Report Profile	4	Full
3.2	Date of most recent previous report (if any).	Report Profile	4	Full
3.3	Reporting cycle (annual, biennial, etc.)	Report Profile	4	Full
3.4	Contact point for questions.	Report Profile	4	Full
3.5	Process for defining report content	Stakeholders and Materiality	16	Full
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	Report Profile	4	Full
3.7	State any specific limitations on the scope or boundary of the report	Report Profile	4	Full
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Report Profile	4	Full
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the	Facts and Figures  Data Collection, Adjustments, and Verification	84 86	Full

GRI Profile Disclosure	Description	Cross Reference (Hyperlinks) OR Direct Answer	Page(s)	GRI Reporting Level
	report.			
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Data Collection, Adjustments, and Verification	86	Full
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Data Collection, Adjustments, and Verification	86	Full
3.12	Table identifying the location of the Standard Disclosures in the report.	GRI Content Index	89	Full
3.13	Policy and current practice with regard to seeking external assurance for the report.	Data Collection, Adjustments, and Verification	86	Full
	assurance for the report.	Independent Assurance Report	Appendix A	
Governance	e, Commitments, and Engageme	ent		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Corporate Governance 2012 Proxy Statement	10 PR:8-13	Full
4.2	Indicate whether the Chair of	Corporate Governance	10	Full
	the highest governance body is also an executive officer.	2012 Proxy Statement	PR:8-13	
4.3	For organizations that have a	Corporate Governance	10	Full
	unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non- executive members.	2012 Proxy Statement	PR:8-13	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Shareholder and Stakeholder Input	12	Full

GRI Profile Disclosure	Description	Cross Reference (Hyperlinks) OR Direct Answer	Page(s)	GRI Reporting Level
		2012 Proxy Statement (Annual Meeting of Stockholders)	PR: iii	
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives.	2012 Proxy Statement	PR:52-88	Partial
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Corporate Governance 2012 Proxy Statement	10 PR: 8-13	Full
4.7	Process for determining the composition, qualifications and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Corporate Governance 2012 Proxy Statement	10 PR:8-13	Full
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Management Approach and Performance (Economic, Environmental, and Social)	26	Partial
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Corporate Governance  2012 Proxy Statement (Board's Role in Risk Oversight)  2011 Annual Report	10 PR:13 AR:9-11	Partial
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	2012 Proxy Statement (Compensation Committee)	PR: 17,26	Partial

GRI Profile Disclosure	Description	Cross Reference (Hyperlinks) OR Direct Answer	Page(s)	GRI Reporting Level
4.11	Explanation of whether and how the precautionary approach or principle is	3M Environmental Policy (www.3M.com/Sustainability) Policies and Reports		Full
	addressed by the organization.	Environmental Stewardship	28	
		Life Cycle Management	53	
4.12	Externally developed economic, environmental, and	<u>Partnerships</u>	83	Partial
	social charters, principles, or	Business Conduct	16	
	other initiatives to which the organization subscribes or endorses.	<u>Human Rights</u>	60	
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	<u>Memberships</u>	83	Full
4.14	List of stakeholder groups engaged by the organization.	Stakeholders and Materiality	19	Full
4.15	Basis for identification and selection of stakeholders with whom to engage.	Stakeholders and Materiality	19	Full
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Stakeholders and Materiality Frequency and level of stakeholder engagement is considered Business Confidential.	19	Partial
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Stakeholders and Materiality  Details of key topics and Concerns raised through stakeholder engagement and how 3M responds is considered Business Confidential.	19	Partial
Performanc	e Indicators			
Economic				
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	2011 Annual Report Revenues Operating Costs Employee Compensation Community Investments Payments to Capital Providers and Governments	AR:18 AR:18 AR:46 AR:46-49 AR:46-49 AR:46-49	Full

GRI Profile Disclosure	Description	Cross Reference (Hyperlinks) OR Direct Answer	Page(s)	GRI Reporting Level
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Climate Change	32	Partial
EC3	Coverage of the organization's defined benefit plan obligations.	2011 Annual Report	AR:77-88, 109	Full
EC4	Significant financial assistance received from government.	3M does not receive significant financial assistance from the government. For some information about tax holidays and the U.S. research and development credit, refer to Note 8 (Income Taxes) in 3M's 2011 Annual Report on Form 10-K,	AR:69-73	Full
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	The differences in compensation by country/region contribute to global ranges that are not representative of compensation structures within the company.	N/A	Not Reported
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Supply Chain Management The proportion of spending on locally based suppliers is considered Business Confidential	84	Partial
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Our Employees  Details of hiring procedures /selection criteria are considered Business Confidential	58	Partial
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or probono engagement.	Corporate Citizenship and Community Giving	77	Full
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.		N/A	Not Reported

GRI Profile Disclosure	Description	Cross Reference (Hyperlinks) OR Direct Answer	Page(s)	GRI Reporting Level
Environmen	ital			
EN1	Materials used by weight or volume.	Due to the diversity and complexity of manufacturing of 3M's products and associated materials portfolio, this data is not collected (by weight/volume) and aggregated to the extent it would indicate relevance at a corporate level.	N/A	Not Reported
EN2	Percentage of materials used that are recycled input materials.	Due to the diversity and complexity of manufacturing of 3M's products and associated materials portfolio, this data is not collected (% of recycled materials) and aggregated to the extent it would indicate relevance at a corporate level.	N/A	Not Reported
		Please refer to Environmental Solutions Catalog for several examples of utilizing recycled content		
		Env. Solutions Catalog		
EN3	Direct energy consumption by primary energy source.	Energy Efficiency	38	Full
EN4	Indirect energy consumption by primary source.	Energy Efficiency The costs for collecting additional detailed information is disproportionate to the results	38	Partial
EN5	Energy saved due to conservation and efficiency improvements.	Energy Efficiency	38	Full
EN6	Initiatives to provide energy- efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Energy Efficiency	38	Partial
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Energy Efficiency	38	Full

GRI Profile Disclosure	Description	Cross Reference (Hyperlinks) OR Direct Answer	Page(s)	GRI Reporting Level
EN8	Total water withdrawal by source.	Water Conservation	48	Partial
EN9	Water sources significantly affected by withdrawal of water.	Water Conservation	48	Partial
EN10	Percentage and total volume of water recycled and reused.			Not Reported
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Biodiversity	50	Partial
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Due to the size and complexity of 3M, the costs for collecting impacts of activities, products and services is disproportionate to the results.		Not Reported
EN13	Habitats protected or restored.	Biodiversity	50	Partial
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.			Not Reported
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.			Not Reported
EN16	Total direct and indirect greenhouse gas emissions by weight.	Climate Change	32	Full
EN17	Other relevant indirect greenhouse gas emissions by weight.	Climate Change	32	Not Reported
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Climate Change	32	Full
EN19	Emissions of ozone-depleting substances by weight.	3M has an Ozone Depleting Chemicals policy (applicable to all 3M operations) which prohibits the use of highly ozone depleting chemicals from all products, manufacturing processes, and new equipment		Partial

GRI Profile Disclosure	Description	Cross Reference (Hyperlinks) OR Direct Answer	Page(s)	GRI Reporting Level
		worldwide. HCFCs are being phased out by 2015.		
EN20	NOx, SOx, and other significant air emissions by type and weight.	Improving Air Quality	41	Partial
EN21	Total water discharge by quality and destination.			Not Reported
EN22	Total weight of waste by type and disposal method.	Waste Management	45	Partial
EN23	Total number and volume of significant spills.	3M did not have any significant spills in 2011 that met the GRI definition of reportable in the organizations financial report (due to resulting liabilities).  Environmental Compliance Metrics	30	Full
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.			Not Reported
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.			Not Reported
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Environmental Stewardship- All Key Indicators  Product Responsibility  Environmental Solutions Catalog	28 53	Partial
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Packaging	55	Partial
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-	Environmental Compliance Metrics	30	Full

GRI Profile Disclosure	Description	Cross Reference (Hyperlinks) OR Direct Answer	Page(s)	GRI Reporting Level
	compliance with environmental laws and regulations.	2011 Annual Report	AR:6,98- 108	
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.			Not Reported
EN30	Total environmental protection expenditures and investments by type.	This is considered Business Confidential.		Not Reported
Human Righ	nts		l	
HR1	Percentage and total number of significant investment agreements and contracts that include human rights clauses or that have undergone human rights screening.	Investment agreements are subject to 3M Business Conduct Policies and Guidelines.		Partial
HR2	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening and actions taken.	Supplier Management  2015 Sustainability Goals	74 23	Partial
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.			Not Reported
HR4	Total number of incidents of discrimination and corrective actions taken.	This is considered Business Confidential.		Not Reported
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Supply Chain Management  Human Rights (Freedom of Association)	74 60	Full
HR6	Operations and significant suppliers identified as having significant risk for incidents of	Supply Chain Management	74	Full

GRI Profile Disclosure	Description	Cross Reference (Hyperlinks) OR Direct Answer	Page(s)	GRI Reporting Level
	child labor, and measures taken to contribute to the elimination of child labor.	Child Labor	61	
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Supply Chain Management  Forced and Compulsory Labor	74 61	Full
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.			Not Reported
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken			Not Reported
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	This is considered Business Confidential.		Not Reported
HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms.	This is considered Business Confidential.		Not Reported
Labor Pract	ice and Decent Work			•
LA1	Total workforce by employment type, employment contract, and region broken down by gender.	Our Employees	58	Partial
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Our Employees	58	Partial
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Employee Benefits	63	Full

GRI Profile Disclosure	Description	Cross Reference (Hyperlinks) OR Direct Answer	Page(s)	GRI Reporting Level
LA4	Percentage of employees covered by collective bargaining agreements.	This is considered Business Confidential		Not Reported
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	This is considered Business Confidential		Not Reported
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Approximately 75% of 3M employees are represented in formal joint management worker health and safety committees. This includes 3M employees working in manufacturing, laboratories, and distribution centers. Some, but not all administrative employees are covered by health and safety committees.	N/A	Full
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and gender.	Safety and Health Performance	70	Partial
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Pandemic Preparedness	74	Partial
LA9	Health and safety topics covered in formal agreements with trade unions.			Not Reported
LA10	Average hours of training per year per employee by gender and by employee category	Although 3M tracks some training hours, it is not consistent globally. 3M believes indicators that align with the results of the people to success of the company are direct indicators of successful development programs (e.g. Leadership & Employee engagement, Retention, Brand		Not Reported

GRI Profile Disclosure	Description	Cross Reference (Hyperlinks) OR Direct Answer	Page(s)	GRI Reporting Level
		Recognition, New Product Vitality Index)		
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Education, Learning, and Career Growth	66	Full
LA12	Percentage of employees receiving regular performance and career development reviews by gender.	Contribution and Development Assessment The same process is applied regardless of gender.	66	Full
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender,	Our Employees	10	Partial
	age group, minority group membership, and other indicators of diversity.	Our Employees	58	
LA14	Ratio of basic salary of men to women by employee category.	3M administers performance related compensation regardless of gender	N/A	Not Reported
LA15	Return to work and retention rates after parental leave, by gender.			Not Reported
Society				
SO1	Percentage of operations with	2015 Sustainability Goals	23	Full
	implemented local community engagement, impact assessments, and development programs.	Community Involvement	77	
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Business Conduct Maintaining Compliance	16	Full
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Business Conduct Training	16	Partial
SO4	Actions taken in response to incidents of corruption.	Responding to Concerns (www.3M.Com/Business Conduct)	N/A	Partial
		Investigations and Findings (www.3M.com/Business Conduct-Add'l info)		

GRI Profile Disclosure	Description	Cross Reference (Hyperlinks) OR Direct Answer	Page(s)	GRI Reporting Level	
SO5	Public policy positions and participation in public policy development and lobbying.	Public Policy	14	Full	
SO6	Total value of financial and inkind contributions to political parties, politicians, and related institutions by country.	3M Political Activity Policy (www.3M.com/Business Conduct-Policies)  3M PAC Contributions (www.fec.gov)  Any political activities outside the United States require approval by the Executive Vice President of International Operations	N/A	Partial	
S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.			Not Reported	
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	2011 Annual Report	AR:98-108	Partial	
SO9	Operations with significant potential or actual negative impacts on local communities.			Not Reported	
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Environmental Management System and Compliance  Safety and Health Management  Business Conduct Local Engagement	28 70 16 77	Partial	
Product Responsibility					
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Life Cycle Management	53	Partial	

GRI Profile Disclosure	Description	Cross Reference (Hyperlinks) OR Direct Answer	Page(s)	GRI Reporting Level
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.			Not Reported
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.	Product Responsibility	53	Full
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	3M is not aware of any significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	N/A	Full
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	This information is considered Business Confidential		Not Reported
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	3M is not aware of any significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	N/A	Full
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.			Not Reported
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.			Not Reported
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	3M is not aware of any significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	N/A	Full

# **APPENDIX A:**

Assurance Statement

# TRUCOST"

# TRUCOST ASSURANCE STATEMENT

Trucost has been commissioned to assess selected environmental, compliance and safety and health data provided by 3M Co. for the year ended 31 December 2011. The review engagement was led by Alastair MacGregor of Trucost Plc and executed by Trucost Plc's Research team.

## Scope

1. Data assurance Environment: Waste, Water Consumption, VOCs emissions

**Compliance:** Global Exceedences, Reportable Spills, Agency Notices

and US Fines

Safety and Health: Worldwide Recordable and Lost Time

2. GRI Indicator reporting level

**Reporting Period** Financial Year Ending 31 December 2011

**Boundary** All facilities globally (with an exemption of new acquisitions)

**Type of Assurance** 

**1.** Trucost assurance of environmental, compliance and safety and health quantitative data

2. 3M's GRI report was verified to the C+ standard. Trucost has verified environmental part of the report and Ashley Hamilton Consulting has verified the social and governance information

#### Responsibilities during Review

- The Management of 3M Co. is responsible for the collection and presentation of environmental data reviewed by Trucost. Trucost liaised with Katrina Hendricks, Jody St. Martin and Kathy Bryan to obtain the necessary data and support documents for validation.
- Trucost's responsibility, as agreed with the Management, is to use its specialist environmental knowledge to validate the quantitative data provided and assure that to the best of their knowledge it fairly reflects company activities.
- Trucost and Ashley Hamilton Consulting verified the reporting level stated for each GRI Indicator in 3M Co.'s 2012 GRI report.

# TRUCOST"

# TRUCOST ASSURANCE STATEMENT

## Scope of Review

Trucost Plc has assessed the data covered by the scope of this statement as listed above using the following procedures:

- Making enquiries of relevant management of the company responsible for issues related to environment, compliance and safety and health
- Reviewing and assessing the processes for environmental data collection, analysis, consolidation and reporting
- Sample testing of the collated environmental data prepared by 3M Co. from four sites.
- Reviewing relevant sections of the company's GRI Report 2012

#### Conclusion

On the basis of the work undertaken, Trucost believes that:

- To the best of our knowledge the information for the analysed environmental indictors has been fairly stated.
- Data reliability: Trucost did not find evidence to insinuate that the processes and systems in place to collect and collate environmental data are such that the company's environmental, compliance and safety and health performance would be erroneously described.
- The reporting levels stated in 3M Co.'s 2012 GRI report are reasonable and balanced according to the GRI reporting guidelines.
- 3M's GRI report was verified to the C+ standard.

## TRUCOST ENVIRONMENTAL ASSURANCE

**Carried out for** 

3M Co.

**VOCs Emissions** 

**Water Consumption** 

**Waste Generation** 

Exceedences, Reportable Spills, Agency Notices and US Fines
Recordable and Lost Time Trends

To the best of our knowledge the information for the environmental, compliance and safety and health KPIs stated above has been fairly stated.

Trucost did not find evidence to insinuate that the processes and systems in place to collect and collate environmental, compliance and safety and health data are such that the company's performance would be erroneously described.

The reporting levels stated in 3M Co.'s 2012 GRI report are reasonable and balanced according to the GRI reporting guidelines.

3M's 2012 GRI report was verified to the C+ standard

Alastair MacGregor Director

May 2012