

Shareholder proposal

Proposal

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Shareholder Proposal

- Shareholder proposal, if properly presented at the meeting.
- See the Board's opposition statement.



Recommendation of the board

The Board of Directors unanimously recommends a vote **"AGAINST"** this proposal for the reasons discussed below. Proxies solicited by the Board of Directors will be voted **"AGAINST"** this proposal unless a shareholder indicates otherwise in voting the proxy.

3M has received a shareholder proposal from Steven J. Milloy, the owner of 20 shares of 3M common stock (the "Proponent"). The Company will provide the Proponent's address promptly upon a shareholder's oral or written request. The Proponent has requested that the Company include the following proposal and supporting statement (*in italics*) in its proxy statement for the Annual Meeting of Shareholders. The proponent is responsible for the content of this proposal, and, as a result, the Company is not responsible for any inaccuracies the proposal or statement may contain. The proposal may be voted on at the Annual Meeting only if properly presented by the Proponent or the Proponent's qualified representative. For the reasons set forth following the Proponent's statement, your Board of Directors recommends that you vote "AGAINST" this proposal.

Communist China Audit

Resolved:

Shareholders request that, beginning in 2022, 3M report to shareholders on the general nature and extent to which corporate operations involve or depend on Communist China, which is a serial human rights violator and a geopolitical threat and adversary to the US. The report should exclude confidential business information but provide shareholders with a basic sense of 3M's reliance on activities conducted within, and under control of the Communist Chinese government.

Supporting Statement:

American companies doing business in Communist China is a controversial public policy issue. See, e.g., "Doing business in China is difficult. A clash over human rights is making it harder," April 2, 2021, <https://www.cnn.com/2021/04/02/business/nike-china-western-business-intl-hnk/index.html>.

3M has suppliers who operate in Communist China.

Communist China is a well-known serial violator of human and political rights.

Communist China may also possibly become a hostile adversary of the US for a variety of reasons, including:

- *Communist China intends to displace the US as the lone global superpower by 2049.*
- *The US has committed to defending Taiwan, which Communist China may attempt to seize by force.*
- *US-China relations are tense over a number of issues including Communist China's military expansion, egregious human rights violations, actions related to the COVID pandemic, intellectual property theft, elimination of political freedom in Hong Kong, and environmental pollution.*

Communist China has also publicly indicated that it would use its industrial capabilities for strategic purposes against adversaries.

Communist China has already taken action against Australia, for example, for COVID-related criticism.

At the beginning of the COVID pandemic, 3M admitted it had to secure approval from the Communist Chinese government to export to the US 10 million N95 respirators that 3M manufactured there.

Given the controversial, if not dangerous nature of doing business in China, shareholders have the right to know the general nature and extent to which 3M's business operations are involved with or depend on Communist China.

Board's statement opposing the proposal

After careful consideration, and for the reasons set forth below, the Board believes that it is not in the best interests of 3M or its shareholders to approve the proposed resolution.

Our business model is to be close to our customers and markets to serve them – 3M has operations in over 70 countries and sales in nearly every country. Over 55,000 3M products are used in homes, businesses, schools, hospitals and other industries around the world. Relative to China, 3M entered in 1984 by registering a wholly-owned subsidiary (without a third party partner) to serve local customers. Out of our global 95,000 employees, close to 6,000 work in China. More than 85% of our revenue in China (from local manufacturing and converting of imported semi-finished materials at its nine plants) is to customers and markets (industrial, electronics, healthcare, consumer, and others) located in China.

Our business model is focused on being close to our customers and markets with our capabilities to serve them the best we can. This strategy serves us well and particularly important in uncertain times when collaboration took on new meaning during the global pandemic. We have worked with many companies and customers to collaborate on products to help in the global fight against COVID-19 as we rapidly responded to the impact of the pandemic to supply respirators to frontline healthcare workers and first responders along with other markets and customers around the world.

Respect for human rights is deeply engrained in our culture – our commitment to customers is governed by policies and standards that allow us to move forward with integrity, confidence, and the common foundation of 3M's values. These policies and standards and our actions are reported in more detail in our annual Global Impact Report.

The Code of Conduct defines our values and the responsibilities that 3M employees and 3M suppliers must meet. It outlines what 3M believes is the ethical approach to various work situations and summarizes 3M's compliance principles and raises awareness about how to do business the right way, at all times and at every site.

3M's Human Rights Policy applies to all 3M employees, contingent workers, anyone doing business with or on our behalf, and others acting on 3M's behalf. Within our own business, 3M's approach to managing and respecting human rights is derived from the 3M Code of Conduct, which recognizes the right of 3M workers to have a respectful workplace. 3M continues to implement our human rights program through our global policies, management system, assessments, audits and training.

We have a robust governance structure regarding supplier responsibilities that include human rights – The 3M Business Conduct Committee, comprising senior executive management, oversees compliance with the Code of Conduct and regularly updates the Audit Committee of the 3M Board of Directors and 3M's executive-level Corporate Operations Committee. Additionally, similar committees exist at country, region, and area levels to operationalize and prioritize compliance activities.

3M offers a comprehensive online compliance training program to all employees worldwide in 22 languages, and this program includes awareness training of 3M policies related to human rights. The program's training modules are assigned to employees based on their roles and areas of responsibility within the company.

3M works with broad, complex supply chains, consisting of over 72,300 suppliers in over 324 subcategories in 113 countries around the world. We set a high bar for our company regarding environmental and social governance, and we expect the same from our suppliers. 3M follows the Organization for Economic Co-operation and Development (OECD) Due Diligence framework for all our responsible sourcing activities. The 3M Supplier Responsibility Code is based on 3M's corporate values for sustainable and responsible operations and aligns with the 10 Principles of the United Nations Global Compact, of which 3M is a participant. This Code outlines 3M's basic expectations for suppliers and their sub-contractors in the areas of management systems, labor, environmental, health and safety, and ethics.

3M communicates its human rights and labor expectations to suppliers through its use of contractual provisions and other binding legal obligations, links to 3M's website and in direct business meetings. The contractual provisions include certifications by suppliers about their labor conditions. 3M expects its suppliers to have similar policies and practices that align with the 3M Supplier Responsibility Code, including due diligence with their suppliers.

3M has implemented a supplier risk evaluation process to assess existing, prioritized suppliers that could be at risk for non-conformance with our Supplier Responsibility Code, including the human rights elements. 3M's responsible sourcing team also conducts on-site audits of our suppliers. Suppliers who do not pass this assessment do not qualify to supply 3M. We also expect our suppliers to periodically assess themselves and their suppliers for conformance to our expectations.

If the assessment identifies gaps or findings, and if a supplier is not able or willing to resolve them within a reasonable timeframe, alternative actions are determined with a cross-functional business team to evaluate and resolve the situation.

We are a company driven by employees who act with uncompromising integrity and develop innovative solutions with a purpose. 2021 is the eighth consecutive year 3M made the list of The World's Most Ethical Companies®, an honor given by the Ethisphere® Institute. In addition, following evaluations of the 1,000 largest public U.S. companies on issues that matter most to the American public (including upholding human rights across the supply chain, acting ethically and with integrity, and more), Forbes and JUST Capital listed 3M as one of America's Most Just Companies in 2021.

3M already provides information in our annual Global Impact Report and elsewhere regarding our business model including our operations in China, and our commitments to our own and our suppliers' ethical business conduct compliance including respect for human rights. 3M therefore believes that the additional report requested by this proposal is unnecessary based on the extensive information that is already provided to our stakeholders and the public, our existing policies and procedures, and the governance framework including active Board oversight.