

THE ECONOMIC CLUB

O F W A S H I N G T O N, D. C.

Virtual Signature Event

Mike Roman
Chairman and Chief Executive Officer
3M

David M. Rubenstein
President
The Economic Club of Washington, D.C.

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ANNOUNCER: Please welcome David Rubenstein, president of The Economic Club of Washington, D.C.

DAVID M. RUBENSTEIN: Welcome, everybody, to our program today, on St. Patrick's Day. I want to welcome you to our 15th Virtual Signature Event of our 35th season. We're also marking a one-year mark of COVID-19. It was on February 24th of last year that we had our last in-person event. And by March the 11th we had pivoted to virtual events. We've now hosted 26 events and I've had interviews with over 80 individuals during this period of time.

So we've tried the best we can to keep you informed about what's going on in the business world and the social world in terms of other outside activities that are – that are important to the country. And we hope that you've appreciated and enjoyed these events. And I want to thank The Economic Club of Washington team, particularly Mary Brady, for leading this effort to get all these things – all this work organized, because it's not easy to do virtual events, actually, right? Much harder than doing them in person, in many ways.

Our special guest today, Mike Roman, has a very interesting background. Mike was – grew up in Wisconsin, a high school football star. He ultimately went to University of Minnesota, where he majored in electrical engineering, then he got a master's in electrical engineering at University of Southern California. And about 30 years ago he joined 3M, which is, of course, in Minnesota. And in this period of time he's risen up from being a chief strategist, running the largest division at 3M, became the chief operating officer, and the CEO in July of 2018, and became the chairman as well in May of 2019. 3M is a company with about \$32 in annual revenue. Market capitalization of about \$109 billion. And about 95,000 employees. And of course, they make some products that we all know well, and we're going to talk about them in a moment.

So, Mike, thank you very much for joining us.

MIKE ROMAN: David, hey, it's great to be with you. Thank you for having me on. I think a few of my high school teammates might be surprised by the "star" accolade. I don't think they would have quite put me in that category. A good football player, sure.

MR. RUBENSTEIN: Well, anybody who played high school football to me is a star, because I couldn't do it.

MR. ROMAN: [Chuckles.]

MR. RUBENSTEIN: So, Mike, let me ask you, you were – you were the manufacturer, 3M, of N95 masks, as I have one in front of me, which I've been using for quite a while. And are you the largest manufacturer in the Western world of N95 masks?

MR. ROMAN: We are the leader in the production capacity and volume of N95 respirators. And that was true coming into 2020. And then with the capacity we added throughout the year, we are – we exited 2020 with an annual production rate of 2.5 billion N95s globally. And about half of those in the U.S. production facilities that we have.

MR. RUBENSTEIN: OK. So for those who might not be that sophisticated about masks, and I can't say that I was before the pandemic, why is one of – why are one of these masks better than a regular mask I just put on out of cloth? What do they do for me that I can't get out of a regular mask?

MR. ROMAN: Yeah. If you're inside of 3M, you will hear us be very careful to call that an N95 respirator. And it is – N95 is a NIOSH designation, which is filtering 95 percent of the particulate matter that's in the environment. And it does it to a standard. That requires that the product fits your face snugly and that you breathe through the filtered material. Whereas, many face coverings and masks, they loosely fit the face, they don't seal, you breathe air around the mask. So that's one of the distinctions between a mask and a respirator. And then respirators go well beyond just an N95 designation. We have reusable respirators. A self-contained breathing apparatus is an extreme example of a respirator. So it's really about providing that level of protection for what you breathe in. It protects the wearer.

Very often we talk about masks in the middle of COVID as being primarily to protect others that you're around, because you're preventing anything you might expel from your mouth and your nose from getting onto surfaces or getting into other people's respiratory systems. So it's a distinction that's really important. It's very important when you look at regulated use, whether it's in hospital settings or in an industrial setting – which is usually the majority of what we produce N95s for, is for worker safety in industrial kinds of settings.

MR. RUBENSTEIN: So let me ask you, let's suppose I don't really have that much money and I can't buy that many of these. How long can I wear one during a day before I need to get a fresh one? Or you don't – you have to change them every couple hours, or can you wash them in any way, or something like that?

MR. ROMAN: Well, it's a "it depends" kind of answer, David. It depends on the environment you're in. It depends on the circumstances. In the middle of COVID, as you probably watched throughout the year, we were ramping up production to catch up to the demand. We had a spike in demand in the – in the March-April timeframe that was 20 to 40 times normal requirements, normal demand, especially from health-care workers and first responders. So there was how do we use these N95s so that we can make them last, so we can use them and be able to manage the protection of health-care workers and first responders?

And so there has been different guidelines as we've gone through the year. So if you're in a very difficult industrial environment, you may change that mask multiple times a day. If you are in a more benign environment or even as a consumer, you might wear that many more times. It's not going to degrade. We even got into, in the middle of the pandemic, looking at how we can help reuse. It doesn't make a big difference in terms of the demand, but it was – we were looking for every way to extend supply into those frontline health-care workers.

MR. RUBENSTEIN: So during the pandemic, at the beginning of it, there were calls from Washington, D.C. for you to produce more of these masks. Was it hard to produce them as

rapidly as the government wanted? And could you import these masks at the level you wanted from overseas?

MR. ROMAN: Yeah, it's a little bit longer story. It was a really important part of that story. We actually – our story started in January, when we first recognized the increased demand coming from the outbreak of COVID-19, outside of the United States initially. We activated our response team inside the company to start ramping up production. We – in normal times, we keep capacity idle. It's something we learned back in SARS, that when a pandemic hits we have to be ready to bring on additional capacity to meet the surge in demand. And that's what we did. In January, we turned on that capacity. By the end of February, we had doubled our output from the beginning of the year. So in just 45 days we had doubled our output. And then we made investments to double again.

As we got into March, the hot spot was becoming the U.S., Europe as well. In the U.S. the demand was rapidly rising. We were bringing on capacity ourselves, other suppliers bringing on capacity. And then we engaged with governments at all levels, really, around the world, but especially with the administration looking at what can we do. And we worked with the Department of Defense to invest in additional capacity. We also worked under what's called the Defense Production Act to bring additional supply from overseas.

And by the middle of April, we were bringing in the equivalent of 55 million N95s per month from our overseas production, focused on supplying the need in the U.S. At the same time, going from what we could normally produce – 35 million, when we had brought on that idle capacity in the U.S. – to 65 million. So we really stepped up through that April-May-June timeframe our capacity. And a big part of that was bringing in that Defense Production Act partnership with FEMA, and in particular bringing in that overseas production.

MR. RUBENSTEIN: So if we have another pandemic break out – now, we're not finished with the current pandemic, but fortunately the vaccines are coming along – do you have an excess supply now in the United States for the future? Or what lessons have you learned, or 3M learned, about making certain we have enough of these if some pandemic were to happen again?

MR. ROMAN: Well, in round numbers, we started the year producing about 500 million N95s worldwide. By the end of the year, with all the additional capacity, ramping up production, really driving greater productivity, we got to 2.5 billion N95s per year. Even as we are at that level, we have demand that's exceeding our supply. And we're working to catch up every week. So if you go back into the highest demand part of a global pandemic, it's going to require also that we work in partnership with governments and, I would say, health-care providers as well to stockpile inventory of PPE, broadly, N95s as well, to be ready for the next pandemic.

It's one of the lessons we've all learned, is we have to be – we have to be better prepared. We have to have stockpiles ready. We have to manage those stockpiles. We have to certainly keep our capacity ready to come online as needed. Those are important learnings that will apply. And I see governments doing that. We have contracts in multiple governments, including the U.S., to be building stockpiles from our production capacity. It's part of what we expect to produce significant levels throughout 2021, even as vaccines come online and hopefully we see

returning to normal economy. We're still going to be producing N95s and helping to fill those stockpiles.

MR. RUBENSTEIN: So I notice with a product we'll talk about in a moment, Post-its, which you also manufacture, you have a lot of different colors. I have two yellow Post-its behind me here on my little sign. Do you make these in colors as well? Do people say to you they want to advertise things on these, do you do those too? Or just always the white?

MR. ROMAN: Well, there's many innovations around Post-it. You've got the canary yellow, which is the traditional Post-it, introduced even as far back as 1980s. We've innovated with many colors and uses. It's become a collaboration tool, sometimes personalized. So there's many – you can print Post-it Notes. There's a lot of variations that we're able to, you know, feed into all of the different market needs, and where the opportunities are to use Post-it Notes, maybe we haven't tried them, if you can believe it. So it's an iconic brand for us, continues to be an important space for us and an important product for our customers.

MR. RUBENSTEIN: Do you make many of these in different colors? Why didn't you do, you know, N95s in colors? Or did you? I don't know.

MR. ROMAN: Well, the only color indication that's notable in N95s is one of our surgical N95s has a – kind of a – kind of the scrubs color blue-green, that has a special cover web for use in surgical theaters, operating rooms. But otherwise, it's a very – it's a very – we're trying to produce many of them at a very cost-effective level for our customers who use them, as we talked about, throughout the day in their work.

MR. RUBENSTEIN: OK. So your company makes, I think, more individual products than any company in the world. So I understand at least 60,000 products. Is that right in how many different products you have, 60,000?

MR. ROMAN: That's kind of one of the ways that people count it. We have many SKUs. We're a company with many SKUs. It's how we really meet the broad needs of customers. And we have our iconic consumer brands – like Post-it and Scotch Tape, which people know us for. We have – most of those SKUs that we're talking about are in the other businesses beyond our consumer business. We have four businesses – market-leading businesses. We have a safety and industrial business that includes our N95 respirators. Also includes tapes, adhesives, abrasives used in manufacturing operations around the world.

We have a transportation and electronics business that serves OEMs directly – the automotive OEMs, electronics OEMs, aerospace, with solutions that typically go into their built materials, that are designed in to meet a need in the function of their product. And then we have a leading health-care business. Medical solutions used in operating rooms, used in – used by providers around the world. We have an oral care business as part of that. We even have a health information systems business as part of our health-care business that is central to use, especially in the U.S., by both providers and payers.

So it's – we have leading businesses that really meet so many application-critical needs of our customers. We do end up with many SKUs. Taking 3M technology, applying it to solve critical needs, very often being specified or designed in by the customer. In fact, the majority of our revenue is either specified or designed in by the customers who use it in their products or in their processes.

MR. RUBENSTEIN: But normally when new products come out of a company the CEO kind of either approves it or at least are aware of it, I guess. When you have this many products, how can you approve all these things? So they have authority to send out new products that you don't actually know about sometimes, or not?

MR. ROMAN: Well, I always keep a finger on what's going on with products. It's an exciting part of being part of 3M, the innovation that comes out in our products for our customers. We have a very, I would say, disciplined approach to innovation. One of the things that we have – you know, we make changes to that, improving it, how we think about driving our innovation. One of the notable changes in the last year and a half has been now a requirement that every one of our new products provide a sustainable advantage, that it makes a difference for our customers, how they use it in the manufacturing of the product. So it's another value that's critical to our innovation.

So you count on this discipline, this process and, I would say, the passion of the 3Mers and the business leaders to do the right things for the customers, the right things for the communities we're part of, the right things for our employees. And that sustainability focus and requirement of our products is a reflection on what our people care about, and I would say what our customers care about as well.

MR. RUBENSTEIN: Now, Post-it Notes, I use them, a lot of people use them. But I was told that it was discovered or invented by accident, more or less. So how did – how did it get invented? And what was the original purpose of the Post-it Note?

MR. ROMAN: Well, it's an interesting story of innovation, I would say. It does have the hallmarks of what we see often in our products, where you have somebody who has an idea of a critical need – a customer-critical need, maybe their own critical need. And then you have the technology side. One of the 3Mers who has an idea of how to solve a problem. In this case, there was a bit of happenstance. Art Fry was a leader in 3M, a technical leader, who had an idea. He needed a repositionable flag for his songbook, so that he could move it around with whatever songs were being sung in any particular performance. And so he was looking for something like that.

We had Spencer Silver, who had an invention of adhesive that had a low-tack adhesive. Meaning it wasn't such a strong bond as you were trying to put together parts in an automobile. And it could allow for repositioning. They got together. They worked on their flag idea. Later they discovered it wasn't a broad consumer opportunity, initially. And they kept working it. They kept looking for customers and customer ideas. And over a few years, they discovered the opportunity in offices for Post-it Notes. And Post-it Note became the first big application of

repositionable adhesives. And it took off from there. And that was, you know, about late 1970s, early 1980s.

And then it expanded out from there. Now it's used for collaboration spaces. We have even repositionable white boards using Post-it adhesives. The technology we have – we actually have the flags that Art Fry envisioned from the very beginning as a very sizable business for us, used in many applications for noting where you are or things that you want to call attention to. Even they're printed with a "Sign Here," David, kinds of things that you might need. So it's been a great story.

MR. RUBENSTEIN: I assume your patent has worn off by now. I don't know if wear off is the right word when you're talking about Post-its. But so what is it that you have now that's distinctive between – don't other people make the equivalent of Post-it Notes? They call it something else. And why is yours better than somebody else's knock off?

MR. ROMAN: Yeah. That patents – the meaningful patents expired long ago. It really becomes a story of ongoing innovation and brand. And we talk about the iconic Post-it brand. It is a consumer product story. We have – when I talk about our businesses, we have four market-leading businesses. We – it's important that we are a consumer business inside of 3M. We are a leading consumer products business. Brand, and marketing, and demand generation, and advertising, merchandising, all of those become critical competitive advantages. It's – the story has, across 3M, innovation at the core. We have to be commercial leaders as well. And that consumer story – Post-it Notes is a great example of what we have to do to be a commercial leader.

MR. RUBENSTEIN: So you have another product called Scotch Tape. But at this point I assume the patents are off of that. So why do people call tape Scotch Tape? Why don't you call it Irish tape, English tape? Where'd you get the name "Scotch" from? And is your Scotch Tape any better than somebody else's non-Scotch tape?

MR. ROMAN: Well, Scotch Tape actually dates back to the 1930s, when we invented it. So it's even older than Post-it Note. Continued to innovate with it. It is a leader in the marketplace. The Scotch brand really comes from a connection to our – one of our – really, our first president in the company, William McKnight. He was president for 20 years. He was chairman of the board for another 15-20 years after that. And his Scottish background found its way into some of our iconic brands, Scotch Tape being one of those. Tartan is another brand that's used in 3M in other areas of products. And so there – that's the history there.

Scotch Tape, for me, is the iconic brand that I first got introduced to 3M. I knew when my family started using Scotch Tape with our Christmas wrappings that my dad's business was doing better, because it was the best product on the marketplace. And that's a true story from my youngest days, my first kind of recognition of 3M.

MR. RUBENSTEIN: So is he a role model for you – 20 years a CEO, another 15 years as chairman after that?

MR. ROMAN: Well, he was – he’s an amazing legacy in 3M to this day. McKnight principles about trusting your people to do the right things, and the importance of that if you’re going to continue to succeed and grow your business. So he – his shadow – he casts a long shadow. You know, we all aspire to be the kind of the leader he would want us to be.

MR. RUBENSTEIN: But you’re not thinking of doing 20 years as CEO and 15 years as chairman afterwards? Or you haven’t thought about it yet?

MR. ROMAN: I don’t think that will quite – the math doesn’t quite work for me, David.

MR. RUBENSTEIN: OK. So let me ask you this. You are working remotely, to some extent. How did you make all these respirators and other products needed for the pandemic while you’re at home – I assume you were working out of home. How did you – how did you tell your employees to work? Some had to come in, some didn’t. And when do you think you’ll come back to the office on a regular basis?

MR. ROMAN: Yeah. As we – like every company, as we stepped into fighting the pandemic last year we had three clear priorities for us: protect our employees, fight the pandemic from every angle – PPE, respirators being an important part of that, and deliver for our customers and shareholders. So how do you do that? How do you adjust your working procedures and protocols and protect your employees?

And so we moved half of our worldwide employees to working remotely. And to this day most of them are working remotely still. I was one of them. I’ve been working remotely since the middle of March of 2020. I do now come into the office occasionally when I have a need for taking advantage of our facilities. We have brought back some employees over the last year for that specific purpose. And we’ve changed the safety protocols so that they can work in our laboratories.

Now, behind that, our production facilities have been operating throughout the pandemic. We made changes to protect our employees at the beginning of the pandemic so we could continue to produce – produce N95 respirators. We had essential businesses across the country. We kept the large majority of our factories operating all through the pandemic and we put protocols in place. We have safety procedures. We have social – we have safe distancing. We have just – the way we manage those facilities and keep delivering for customers has been an important part of it.

We continue to do that today. We have not fully returned to the workplace or pre-COVID protocols. That’s something that we manage very carefully and planfully. And we are in the early phase of where we will eventually – the multiple phases we’ll work through to get back to what the new normal will be.

MR. RUBENSTEIN: Do you think the new normal will be five days a week in the office as before and traveling as much as before? Or do you think the new normal will be something different?

MR. ROMAN: Well, we've all learned some incredible lessons in the middle of the pandemic. And we've certainly learned to leverage this virtual world. And the ability for us – one of the interesting things for me is our innovation process. We've been able to innovate remotely in new and more effective ways, which is great for us inside the company. We can connect to 3Mers around the world as we innovate. We can also work with partners. And that's another thing through the pandemic.

We've learned the importance of outside 3M company partnerships. And it's been a ramp up that's been incredible. It's helped us deliver on additional respirators. We had a great partnership with Ford to greatly ramp up our powered air purifier respirators, used for the most difficult environments, as an example. And then we – you know, we are finding things that we do better in a virtual world. We connect with more people, more – in a much more agile fashion. We're making decisions in I think a quicker fashion, even.

At the same time, it is difficult to work entirely in a virtual world. It's important for us to be together. So I think it's – we're pointed at a hybrid world. I think we'll come back to work. We'll have more flexibility in how our teams work in a virtual world. We will leverage virtual globally. It will take the place of some of the in-person things we've been doing. I think we'll still be traveling around the world. I expect to be traveling around. It's important to be with our teams in person in so many ways. And so it's going to be critical that we get back to that. And the sooner we can do that the better. But it will definitely bring some of the advantages we've gained from the virtual experience in 2020.

MR. RUBENSTEIN: Now your headquarters city is actually – is it Maplewood? Is that –

MR. ROMAN: Yeah. We're physically in Maplewood, our mailing address St. Paul, and we're here in the Twin Cities, yeah.

MR. RUBENSTEIN: OK, Maplewood. So did you pick a place where it began with an M? Did it have to begin with an M in order for you to pick a site for your building? No?

MR. ROMAN: Yeah, I do – I do seem to have a lot in common with that first letter – Michael, and 3M, Minnesota Mining and Manufacturing in the original name, and Minnesota, University of Minnesota. It's – yeah, there's a lot of them. It's not the reason I chose it, of course, but it's – maybe that's part of the – in addition to Scotch Tape, it's one of the reasons I had an affinity for 3M.

MR. RUBENSTEIN: Well, let's talk about your own background. You grew up originally in Wisconsin, is that right?

MR. ROMAN: That's correct.

MR. RUBENSTEIN: And you wanted to be a Green Bay Packer football player and you idolized Vince Lombardi. Is that true?

MR. ROMAN: I was a big Vince Lombardi fan. I take lessons from him today. So, yes, I think a lot of him.

MR. RUBENSTEIN: And your aspiration was to be a professional baseball player? When did you lose that aspiration?

MR. ROMAN: I would say at the end of my senior year I realized I wasn't on a path to be a professional baseball player, and that I needed to take advantage of any aptitude I had for math and engineering to move on with a career.

MR. RUBENSTEIN: OK. So you went to University of Minnesota. And did you decide you wanted to be an electrical engineer? Why did you decide you wanted to be an electrical engineer?

MR. ROMAN: Well, engineering was very attractive for me. You got to apply this mathematical, science-based things that I was interested in to solving problems. I liked that part of it. Electrical engineering was where the future was going, electronics. It was exciting. It was an exciting space in engineering for me. It really is heavy mathematics, which was always an interest to me. And it just became something that was very attractive. And it led to a lot of interesting opportunities as a career.

MR. RUBENSTEIN: So you got a master's degree in electrical engineering at the University of Southern California. Lots of times when people in the Midwest move out to Southern California they don't rush back to the Midwest, because the weather may not be quite as good. You didn't get tempted to stay in Southern California?

MR. ROMAN: Oh, we were tempted. My wife and I moved there – we grew up hearing about Los Angeles our entire childhood. So we – when we graduated university we decided to move to Los Angeles. And I ended up at USC for grad school as well. You know, we were on one of those tipping points of staying there, although it was – even in those days the cost of living was going up. So to raise a family we looked around other places in the country and ended up back in Minnesota.

MR. RUBENSTEIN: OK. So you didn't become a surfer person, using Post-it notes to stay on board the surfboard, right?

MR. ROMAN: I probably didn't think of that at the time. It might have helped. My surfing never got very much above advanced beginner.

MR. RUBENSTEIN: So when you came back and you joined 3M, did you say: I'm going to wind up being the CEO someday because I'm, you know, really good at this kind of thing? Or what did you think you would rise up to be?

MR. ROMAN: Well, I was excited to have an opportunity to join 3M. It was a place where technical people could do other things. You could lead a business. And I wanted the opportunity to lead a business. I decided early in my career that I wanted to go from engineering

and take advantage of my engineering background and lead business, lead a science-based technical business was very attractive. 3M offered that. It also offered the ability to go into international business. And that was something that was a big part of it as well. And I didn't – I didn't have my sights very far past that.

What is it going to take for me to have an opportunity to lead a business, to lead a business in international, and to find out if I – if I could be successful as a business leader? And that led to other business leadership opportunities as you progressed in 3M. So I've had an incredible journey and many experiences leading international businesses, leading multiple businesses for 3M, that ultimately led to CEO. But that was not early, not mid-range, not even till late in my experiences was that even a thought.

MR. RUBENSTEIN: OK. Well, if somebody says: I want to be like Mike Roman, join a large company, rise up to the top, what are the leadership things that you think are most helpful? Is it being smarter than the other guys, working harder, using the company's products more than anybody else does? [Laughter.] What is it that you think enabled you to rise to the top, and you would recommend to other people who aspire to be a CEO?

MR. ROMAN: The others – David, I would say there's a couple ways I tend to answer that for people. One is things that you learn in your journey along the way, opportunities that you take advantage of. There's also, you know, what is it that you think about in terms of your leadership that's important to your success. And I can just talk about the things that were important to me.

One of them is the way I embraced and really sought out change, and to lead change. It's such a critical part of what I do now as CEO for 3M, the importance of leading change in the world that's so fast-changing. That was important all through my career, is leaning in and leading that change. I would say recognizing – and this, as an engineer, as a project leader – that it's all about trust. That your people have to trust you. That they have to trust that you have their best interests, that they're going to do – work together and be successful. And so I think those are concepts that were really important for me as I thought about what's valuable in leadership.

I really like something that we talk about today a lot in 3M. And that's entitlement thinking. If you're going to be successful in business, if you're going to be successful in innovating as a company, if you're going to be successful growing into the future, you've got to think about entitlement for your business, for your innovation, for your people, for your customers. What's the entitlement that you can drive to? And you have to aspire to do that. So I think those are some of the lessons that I take.

And more and more, and it's always there for me as an engineer – is having a strong foundation for the decisions you take – data-based, data-driven decisions. It's an important part of our culture here at 3M. It's part of the reason, you know, I fit well as a business leader. It's an important part of what we do. This is another area that's tremendous change. In the data science and analytics capabilities that we're growing as companies, data-driven decisions is even more important today.

MR. RUBENSTEIN: So you're a member of the Business Roundtable, which is a business organization of CEOs who often come to Washington to talk about policy. And during the virtual period of time, the pandemic, you haven't been able to do that. But did you enjoy, before that, coming to Washington, meeting with policymakers? Did you ever say, hey, I could do this job as a Cabinet officer or a senator better than these people? Or no aspirations to go into government?

MR. ROMAN: I've not gotten to where I've had an aspiration to go into government. I do engage with government leaders and in Washington, of course. This is our – this is our largest business around the world. I also engage globally. We – you know, we are a business that has strong partnership – public-private partnership. So that's part of it. We also have important issues that we share with other companies, we share with other manufacturers, we share with other innovators. And so that's all part of that engagement. It's important to be engaging with the public leaders, both at state, local, and federal levels.

MR. RUBENSTEIN: But you're not going to run for anything? Or if President Biden calls you and says, come in the Cabinet, you're not interested?

MR. ROMAN: I don't have any intentions to run for public office, David, no. I will – you know, it's – I always am – I believe I should serve where I'm asked to serve. And I think CEO of 3M is a perfect place to do that.

MR. RUBENSTEIN: OK. Well, President Biden got his economic stimulus bill through the Congress – \$1.9 trillion. Do you think it was necessary for – to stimulate the economy that much? Are you supportive of that bill? And what is your outlook on the economy for the remainder of this year? Good, bad, modest? What do you think about the economy, based on the numbers you're seeing now?

MR. ROMAN: Well, we're still in the middle of the pandemic. And so I think the fiscal policy to help really with, I would say, jobs and wages is an important part of this. And balancing that with the challenges of the pandemic – you know, the COVID-19 stimulation is going to be a very important part of that. I would say the – so I would say that that's a critical focus for us as a company.

When we look at a year, you know, like many companies in 2020 we had suspended guidance because it was very difficult. A lot of uncertainty in the middle of the pandemic, what's happening in our end markets. Some markets were seeing high demand, like personal protective equipment. Others, like dental offices, were closing and our demand going down. So we didn't have a clear view of how the economy was going to recover. Like everybody else, we managed through that.

As we came into 2021, we're starting to get a little better visibility through our end markets. And we reinstated our guidance. We see positive organic growth as we go through the year. We see uncertainty still around the pandemic and how it plays out. Optimism around vaccinations, optimism around key markets, but still some challenges and uncertainty. That said, we are optimistic. We're well-positioned for growth. We executed well in 2020. We made

investments for future growth. We managed our productivity in tough times and tough markets. And we invested in sustainability, all of which positions us well to be successful in 2021 as we think markets start to get more stable and begin to recover.

MR. RUBENSTEIN: So you think the economy is in reasonable shape and heading to better shape than it is now, generally?

MR. ROMAN: Well, there are certainly areas that are doing better. We see electronics as a – as a strong end market. We saw segments of electronics growing throughout 2020. And we think the outlook for 2021 is positive. Automobiles, it's an important part of our industrial business, the automobile production. Getting better sequentially in 2020, returning to growth even as we look in 2021, although there's challenges as we start the year with chip – semiconductor chip availability impacting production a bit. So there's still, I would say, some things that have to play out.

Health care, an important business for us, elective procedures are a big driver of our business – elective procedures in the medical arena, elective procedures in oral care. Those have still not recovered to 2019 levels. They're getting better. They got better into fourth quarter, took a little bit of a step back with the COVID up – you know, increases at the end of the year and into 2021, now coming back. But they're still in that 80 to 90 percent of what they were in 2019. So markets are getting better sequentially. Some of them are showing strong demand, like electronics. I would say continued – our safety products, we see continued demand. But others are still recovering.

MR. RUBENSTEIN: So in your state George Floyd was killed. I assume that it had a big impact in your state particularly, because it happened in your state. What have you done at 3M to deal with racial discrimination and the issues of diversity and inclusion?

MR. ROMAN: Yeah. The killing of George Floyd hit everyone hard here. 3Mers, it was a jarring experience, is the way I describe it. We rallied together with the community and 3Mers really. The beginning was all about listening and understanding. But there was a call to action. We had to take actions. And it was important that companies and company leaders and our employees, that we stepped in and took action as well. So it was, what are we going to do?

And we really came into clear focus around things that we can bring 3M strengths, where we can make a difference. It's important that we step up and make a difference, and make a difference in a meaningful, long-lasting way. So we look for ways to do that. And diversity, equity, and inclusion, very much front and center. We have been making progress as a company. There's more to do. And stepping up in what we can do to support that, promote that, be a leader in that area inside the company and in our communities.

And then we chose to really put a focus on the Twin Cities, on Minneapolis/St. Paul, as a company, form partnerships in the community, make a difference. And for us, it's around racial justice for the future of work. And we're bringing our strengths in STEM, in STEM education, promoting that, partnering with colleges and education – community education organizations to promote opportunities for underrepresented groups, and really make a difference – help them be

successful in education, and connect it to economic opportunities, jobs. We are an employer. We're a manufacturer in the state of Minnesota. We have opportunities to connect that and make a difference.

So those are – those are areas that we've prioritized. We've committed investments longer term. We've stepped up. And we're treating it as a business priority. We've taken ESG broadly, the social justice and DE&I aspects of it, said this is going to be a business priority. We're going to set goals, we're going to define a plan, we're going to prioritize, align resources, hold ourselves accountable for results. And in both of these areas, that's the way we're treating it, that's the way we're putting it as a priority.

MR. RUBENSTEIN: Now, not too long ago the Business Roundtable, of which you're a part as I mentioned earlier – issued a statement saying that companies should worry about stakeholders, not only shareholders. Stakeholders being, let's say, customers, employees, other people affected by the company and the community. So how do you focus your CEO position? And do you focus on mostly the shareholders, or the stakeholders? And how do you divide between the two?

MR. ROMAN: Well, of course we focus on shareholders. They're critically important. I signed onto the pledge. I think it's important. It's the 3M model to be successful, we have to deliver for all of our stakeholders. If we don't deliver for our customers, we won't deliver for our shareholders. If we don't innovate for them and really deliver that differentiated value, we won't deliver for shareholders. It's critical. If we don't – if we're not the company where employees want to be, where top talent wants to be part of – nothing we do in 3M comes anywhere except from the talent of our people – the innovation, the science, the technology. Our manufacturing capabilities, a third of our intellectual property sits in our manufacturing facilities around the world. That's people. People make the difference.

It's critical that we also are delivering for our partners, that we are a trusted partner. And we manufacture in communities all over the world. We're in 80 manufacturing and distribution centers in the United States in 29 states. It's critical that communities see us delivering for them and being a strong partner in the community. So that idea of broader stakeholders, it's what enables us to deliver for our shareholders. It's really the way we've operated our 3M model throughout history.

MR. RUBENSTEIN: So in preparing for this I did some reading. And I couldn't believe one thing I read but I didn't really have time to check it out. It said that for 61 years in a row you've had an increasing dividend. Is that – I mean, for 61 years in a row your dividend has increased every single year?

MR. ROMAN: Sixty-two now, yeah.

MR. RUBENSTEIN: Sixty-two! So I mean, how – nobody else has ever done that, that I'm aware of. I don't know. Maybe somebody else has. I mean, is that a – you sell a lot of Post-it Notes or Scotch Tape to do that, right? Or so is that unusual to have a dividend going up for 62 straight years?

MR. ROMAN: It's certainly unusual, although there are other dividend aristocrats like us that can make some of those claims. For us, it represents the focus we have on strong execution in our businesses. It's a reflection on our model. Innovation in general – if you're in attractive markets and building new businesses, you create growth from innovation. If you're a leader in innovation, you create differentiated value. Shows up in margins. Shows up in cash flow. And strong cash flow has always been a hallmark of 3M. And so it's a strong balance sheet, a strong cash flow model enables you to be able to return cash to your shareholders. And dividend has been a high priority.

Our first capital allocation priority is organic investment, R&D and CAPEX to deliver on the innovation opportunities. Then it's – dividend is the next priority, before we get to looking at M&A and other ways to return value to shareholders, through things like share repurchases. So that dividend has always been an important focus for us and for our shareholders.

MR. RUBENSTEIN: So if I were going to buy your stock I would not have to worry about 63 years being achieved, right?

MR. ROMAN: Well, it's always up to the board, David. But it's – that strong cash flow and focus on strong balance sheet will be there to really continue strong focus in those areas of capital allocation.

MR. RUBENSTEIN: OK. So what do you do when you're not running 3M? Do you have any outside philanthropic interests, or hobbies, or sports that you're involved with?

MR. ROMAN: Well, all of those. I think it's important to have balance that way. You don't stay the most effective leader if you lose sight of other things that helped you do that, help you keep your energy high, help you be the best version of yourself. So family's first priority for me outside of work. And much of what I do for enjoyment is with our family. We love the outdoors. We spend a lot of time together doing things outdoors. That's where I find the rest and relaxation part of it.

From a philanthropy point of view, I participate in a nonprofit board with the University of Minnesota. That's an important focus. Education, for my wife and I, is an important area of our own priority in philanthropy. And I'm a long-time supporter of Big Brothers, Big Sisters. It's a great program. I was a former Big Brother myself, so I continued to stay connected with them. So those are few examples. That keeps me energized. I can make a difference other places outside of 3M. And it's part of being resilient and making a difference inside of 3M as well.

MR. RUBENSTEIN: Now, if I went to your house would I see a lot of Post-it Notes all over the place, or you don't use those as much as I would think, as the head of 3M?

MR. ROMAN: Oh, no. We use a lot of Post-it Notes. It's a good communication vehicle. My wife and I learned long ago we use that effectively for the two of us. But it's a house of 3M, for sure, 3M products. You make sure – and I'm always on the lookout for any competitive brands

that might somehow enter into the house. But it's a – but they're certainly the best-performing versions of what we use day in and day out. Post-it Notes is an important part of that.

MR. RUBENSTEIN: So you have to use Scotch Tape. You can't use other tapes and –

MR. ROMAN: Absolutely. Scotch Tape. And I – of course, I have inside information on some of the products that can solve a lot of my own – my own needs as a hobbyist. Sometimes fixing things that I create – problems I create. So it's – there's special adhesives and tapes that I know will do the job. Of course, there are general-purpose tapes that – masking tapes and others – that make a difference in many uses. But it's certainly a house of 3M products.

MR. RUBENSTEIN: So when you introduce yourself to somebody who might not know who you are and you say I'm the CEO and chairman of 3M, how long before they ask you about Scotch Tape or Post-it Notes? Is it one minute or less?

MR. ROMAN: Well, it is truthfully what many people, maybe most people, know us from. That's the iconic brands. We can quickly get them very interested in how they're touching 3M in many ways. We have our products in many parts of your life. In fact, you're rarely further than 10 feet from a 3M product. We have many solutions in mobile devices. So everyone who carries a mobile device is carrying 3M products and solutions in most cases. And it's true in your home, in your cars, in your work, your office, in your factories, in transportation.

We have different platforms that are used broadly across 3M. We've talked about tapes and adhesives. Our non-woven technologies that go into N95 respirators are in Filtrete brand filters for indoor air quality. They're in acoustic insulation in your automobiles. It's in Thinsulate for warm – you know, for cold weather gear. We have films that go many places. We have films in mobile devices. We have films in your cars. We have films in medical solutions that are used in operating rooms. We have, whether it's in health care, consumer, or industrial applications, you are very close to 3M products.

MR. RUBENSTEIN: So as we've been talking today, it's clear that you're very happy in your position, good family life, you're healthy. You love being in the state of Minnesota and the company is performing well. Can you make people feel better by saying that something's not good or you're worrying about something, because people are going to feel that they're not successful if they're comparing themselves to you. Everything is going so well for you. So can you make people feel that your life isn't perfect by saying you have a worry about something or another, or something isn't going good, just to make us feel good?

MR. ROMAN: Well, every company has challenges. And certainly the pandemic is not behind us yet. And I would say I'm still focused – people ask me, what are your priorities? Protect our employees, fight the pandemic from every angle, deliver for our customers and shareholders, and the uncertainty that we face. That's front and center. And there are many challenges, many opportunities across that thinking. And then it's how do we – how do we move ahead into the future? How do we get ahead of the changes, take advantage of the opportunities?

We think about how do we continue to drive growth as a company? That is – you have to be successful in winning in a very competitive marketplace. And how do you do that? That is more challenging all the time. So I think those are always things that we have to take on. And everyone has, you know, as a global operator, we have – we have areas that we have to step up and lead. We have – we’ve been a long leader in sustainability, environmental stewardship. We’ve got challenges that we have to continue to move ahead. We announced some new environmental goals in February. We will move to be carbon neutral by 2050. We will reduce our water use significantly and improve the quality of water coming out of our operations.

And the big focus and the thing I’m proud of is bending the curve early on those big goals that we set out. We are going to take our carbon footprint down 60 percent – our greenhouse gas emissions down 60 percent by 2030, 80 percent by 2040. So we’re bending the curve early. This is not a – this is not a, you know, we’ll figure it out in the future kind of plan. It’s math, and a path, and a plan was how we talked about it. Same with water. We are putting the state of the art technology in our plants for water filtration and purification. And we’ll have that all online by the end of 2023. So it’s really a big focus for us. It’s important that we lead in these spaces. And it’s one of the things that, you know, I put a big priority on in that ESG strategy that I talked about earlier.

MR. RUBENSTEIN: Let me ask you a final question. As I get older, I’m using more Post-it Notes. Is that a bad sign or a good sign, from your point of view? Bad sign, because my memory’s not so good or good sign because it’s selling more Post-it Notes? Is that good or bad?

MR. ROMAN: Well, I think it’s – I think the latter is certainly good business for us, I would say. It is becoming a new tool in collaboration. So it could be mean, David, that you’re collaborating more broadly with people. And I think that’s a very good sign.

MR. RUBENSTEIN: I’ll take it that that’s what it is. OK. Mike, I want to thank you very much for an interesting conversation. Congratulations on your success at 3M. And I hope you continue to sell a lot of Post-it Notes, and Scotch Tape, and all your other 60,000 products. And hopefully the pandemic will be over at some point and we can have you in person at The Economic Club of Washington. OK?

MR. ROMAN: I’m hopeful and optimistic as well. And thank you, David. I really enjoyed our conversation today.

MR. RUBENSTEIN: Thank you. Bye.



Mike Roman
Chairman and Chief Executive Officer
3M

Mike Roman is the chairman of the board and chief executive officer of 3M, a \$32 billion science-based company. He leads over 90,000 employees who collaborate to solve problems and improve lives in nearly all countries. The company applies its technology platforms to create differentiated solutions for customers that it brings to market through four business groups: Safety & Industrial, Transportation & Electronics, Health Care, and Consumer.

Under Mike's leadership, 3M is advancing four priorities to drive growth and performance: Portfolio, Transformation, Innovation, and People & Culture. These priorities are a key element of the 3M Value Model, which enables the company to deliver for all of its stakeholders. One-third of 3M's sales come from products introduced in the last five years, and the company has increased its dividend for each of the last 61 years. 3M has been included on Ethisphere's list of the World's Most Ethical Companies for eight straight years, and was also recently recognized by Fast Company as one of the Best Employers for Innovators. In 2017 3M won the prestigious Catalyst Award for its commitment to diversity and inclusion; Mike is also a Catalyst Champion for Change, joining other CEO's who have pledged to accelerate inclusion.

Mike became chairman of the board in May 2019 and chief executive officer in July 2018. In prior roles, he served as chief operating officer, led 3M's largest business group and was the company's chief strategist. Throughout his 30-year career at 3M, he has lived and led businesses around the world, including the United States, Europe, and Asia. Mike joined 3M in 1988 as a senior design engineer.

Mike holds a master's degree in Electrical Engineering from the University of Southern California, and a bachelor's degree from the University of Minnesota. He's a member of the University of Minnesota Foundation Board of Trustees. Mike and his family enjoy a variety of physical fitness and outdoor activities. As a former "Big" himself, Mike is also a long-time supporter of Big Brothers Big Sisters of America, which pairs children with adult mentors.