For more than 117 years, International Paper’s commitment to the highest ethical and sustainable business standards is guided by a basic principle: do the right things for the right reasons. This affects everything we do—from employee and community engagement, to our use of natural resources and our commitment to forest stewardship, to our impact on the planet.

For International Paper, continuous improvement and sustainability are at the core of our business. We rely on renewable resources to create the products you use everyday, so improving our social and environmental impact is not only a priority, it’s at the core of who we are.

Simply put, sustainability is *In Our Nature.*
On behalf of International Paper’s 58,000 employees worldwide, I am proud to present our 2014 sustainability results. As a global manufacturer operating in more than 24 countries, natural resources are crucial to our supply chain. In 2012 we created 12 voluntary sustainability goals to measure our performance with specific targets set for 2020. We’ve already exceeded several of these goals and we’re committed and focused on achieving the others.

In 2014, we worked with internal and external stakeholders to identify key issues that are material to our global operations. We created a sustainability strategy that prioritizes six key sustainability areas:

- Safety
- Water Use
- Greenhouse Gas (GHG) Emissions
- Forest Stewardship
- Ethics and Compliance
- Stakeholder Engagement

We believe a sharp focus on these priority areas will help us accelerate in the right direction on some of the most critical issues for our company and the communities in which we operate.

Mark Sutton | Chairman and CEO, International Paper

“International Paper is guided by a simple principle: do the right things for the right reasons.” — The IP Way
In order to continue driving improvement, we’ve established sustainability goals that outline specific environmental and social targets we plan to achieve by 2020. In 2014, with progress toward those goals well underway, we finalized our sustainability strategy. Our strategy focuses our efforts in six key areas where we either have the most room for improvement or the potential to make the greatest impact. After establishing these key areas, we’ve benchmarked ourselves to see how our performance compares to other industrial manufacturers.

Based on our benchmarking, we’ve identified our ranking in these areas, both globally and among our peers. As we continue to work toward all the targets outlined in our 2020 Goals (see back inside cover), we’ll continue to benchmark our progress in these strategic focus areas in order to ensure continuous improvement.

“We worked with a diverse set of internal and external stakeholders to further define a strategy that will accelerate progress on our sustainability objectives and goals.”

— David Kiser, VP, Environment, Health, Safety & Sustainability
Our sustainability strategy is aligned with The IP Way: our vision of becoming one of the most respected and successful companies in the world.

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**Our Six Strategic Focus Areas**

**PEOPLE**
- Safety
- Stakeholder Engagement
- Ethics & Compliance

**PLANET**
- Forest Stewardship
- GHG Emissions
- Water Use
Safety

Safety is a core value, and International Paper’s highest priority. Our safety improvements can be largely attributed to the implementation of our Life-Changing Injury and Fatality Elimination (LIFE) program, which aims to create a safe work environment by ensuring that employees are trained and educated, that facilities and equipment are designed safely, proper processes are in place, and that equipment and tools used by employees meet the highest safety standards.

As part of our LIFE program, we expanded our efforts beyond employee education and equipment to focus on safety leadership. Those efforts include:

- Working with safety leadership experts to develop a training program aimed at providing safety training and certification for leaders.
- Publishing a Safety Leadership whitepaper, which aligns with IP’s leadership model and focusing LIFE Month in November on encouraging all IP employees to become safety leaders.
- Integrating the Safety Leadership program content into other communication efforts.

By year’s end, we have provided safety leadership training to more than 1,200 employees at our U.S.mills.
**2020 GOAL**
An injury-free workplace.

**2014 PROGRESS TOWARD OUR GOAL**
68% decrease in LIFE events since 2010.*

*Baseline has been adjusted for acquisitions

“**There is nothing more important than safety at International Paper.**
We are creating a culture where all of our employees have the tools to be safety leaders and to drive toward having a zero-injury workplace.”

— Tim S. Nicholls, SVP Industrial Packaging

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**LIFE model**
LIFE (life-changing injury or fatality elimination) program focus areas

**LIFE incidents**

 acquisitions

Baseline

2014

Baseline

2014

**-68%**

**92%**

of global locations
did not have a LIFE incident
Water is a primary input into our manufacturing process. In fact, we could not make our products without it. Reducing our water use and footprint is on the forefront of International Paper’s sustainability strategy.

- In 2014, International Paper completed our analysis of our water-related risk at each of our global facilities using four factors: the World Resources Institute (WRI) water risk-mapping tool called Aqueduct, perceived community and regional risk, manufacturing risk, and customer sensitivity.

- We are evaluating a management system approach to assessing water use reduction opportunities across the enterprise, focusing on mills with higher water-related risk.

- This process keeps us on track with our goal to develop an enterprise goal.

**2020 GOAL**

Map water usage through our manufacturing locations by 2013; develop management system change objectives in 2015 to promote water use reduction in strategic watershed areas by 2020.

**2014 PROGRESS TOWARD OUR GOAL**

Mapped water use and risk, identified priority mills, and initiated changes to enhance reduction in water use.

5 million gallons per day reduction in fresh water use as a result of our water project in Pensacola, FL.
GHG Emissions

International Paper is a leader in improving energy efficiency at its manufacturing facilities. As a global manufacturing company, we ensure that we monitor our energy use and greenhouse gas (GHG) emissions and find ways to reduce our environmental footprint through improved processes and equipment where possible.

Some of International Paper’s 2014 efforts include:

- The Evaporator Cooling Water/Hot Water Optimization project at our Augusta, Georgia mill, which resulted in a **22,450-tonne reduction in CO₂ emissions per year**.
- At our Eastover, South Carolina mill, we switched to cleaner natural gas in order to eliminate the use of fuel oil in our #2 lime kiln, which **reduced GHG emissions by 30 percent**.
- At the Bogalusa, Louisiana containerboard mill, we installed updates to the slaker for the hot lime system and a new mud filter for the lime kiln. Natural gas usage in the kiln has been reduced by 30 percent—**which amounts to about 20,000 tonnes of greenhouse gases per year**.

**6.1% increase in purchased energy efficiency since 2010.**

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**2020 GOAL**

20% absolute reduction in global GHG emissions (Scope 1 and 2) associated with the production of our products.

**2014 PROGRESS TOWARD OUR GOAL**

Reduced our GHG emissions by 8.3% by improving our processes, equipment, and procedures.
International Paper is a global leader in responsible forest stewardship. Since forests are the largest source of our raw materials, our focus on forest stewardship ensures that we are responsibly using forests and that their benefits will be available for generations to come.

We’re committed to continuous improvement in our forestry practices and fiber certification around the world. Over the last few years, those efforts included:

- **Sustainable Forest Management education and advocacy** efforts in Russia to improve the way forests are managed in Russia.
- The **establishment of 1,960 acres in the state of São Paulo, Brazil as Private Reserve of Natural Heritage (RPPN)**, providing protection of the forests, river basin, and biodiversity in this area.
- Growth in India’s farm forestry program, which now accounts for nearly 535,000 acres and provides a means of economic survival for many rural farmers and their communities. As of the end of 2014, nearly **1.5 billion saplings have been planted**.
- **A commitment of $7.5 million to the Forestland Stewards Initiative**, International Paper’s five-year partnership with the National Fish and Wildlife Foundation (NFWF), which aims to conserve and restore southern forestlands, strengthen important fish and wildlife populations, and protect watersheds, while promoting and supporting working forests in eight states across the southeastern United States.
**GLOBAL CERTIFIED FIBER PURCHASES BY STANDARD**

<table>
<thead>
<tr>
<th>Standard</th>
<th>Percentage</th>
<th>Green Short Tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>SFI®/American Tree Farm/PEFC</td>
<td>56%</td>
<td>13.17 million</td>
</tr>
<tr>
<td>FSC®</td>
<td>40%</td>
<td>9.27 million</td>
</tr>
<tr>
<td>Other National/PEFC</td>
<td>4%</td>
<td>.94 million</td>
</tr>
</tbody>
</table>

**GLOBAL HIGHLIGHTS**

- **27.8% increase** in certified fiber volume over the 2010 baseline.
- **23.4 million** tons of certified fiber purchased globally in 2014.
- **33.3% total** certified fiber globally.*

*Remaining percentage from sources that meet IP’s Global Responsible Fiber Procurement Policy. Only 10% of all forests globally are third-party certified.

**2020 GOAL**

35% global increase in third-party-certified fiber volume.

**2014 PROGRESS TOWARD OUR GOAL**

Surpassed our original goal of 15%, with 27.8% increase in certified fiber volume since 2010. 23.4 million tons of certified fiber were purchased.

“As leaders in forest stewardship, we have always worked closely with landowners and wood suppliers. Finding innovative ways to help them expand their availability of certified fiber is good for everyone; a real win-win.”

— David A. Liebetreu, VP, Global Sourcing
**Ethics and Compliance**

Our vision, mission and values, collectively known as “The IP Way,” reflect our commitment to ethical business operations. This entails complying with all laws and regulations that govern our industry and adhering to our Code of Conduct.

In 2014, International Paper:

- Continued developing our **Supply Chain Sustainability Strategy**.
- **Implemented our Supplier Code of Conduct (SCOC)**, which outlines the expectations regarding workplace standards and business practices of our suppliers, along with their parent entities, subsidiaries, affiliates, subcontractors and others who are within their supply chain.
- **Translated the SCOC into 19 different languages** and began the process of training suppliers in Brazil, EMEA, India, China, USA, Mexico and Chile.
- **Completed SCOC training in India**, and received agreements to comply from nearly all vendors.

**Our expectation is all vendors will abide by the Supplier Code of Conduct.**
We believe it is important to actively engage diverse groups including subject matter experts, employees, customers, non-profits, governments, and members of the community. This type of dialogue allows us to continuously improve as a business, environmental steward, and member of the community.

- **Customers:** International Paper works with customers to meet sustainability objectives within our value chain. Subject matter experts regularly meet to discuss product and service innovation.

- **Employees:** We invest significantly in employee training and development. We measure employee engagement with a formal survey every two years, and each team creates improvement plans based on employee feedback.

- **Governments and Regulators:** We educate policy makers on our commitment to sustainable forestry, third-party certification, reduced emissions through energy efficiency, responsible resource management, and efficient use of renewable biomass and recycling.

- **Investors:** Accountability to investors requires us to monitor both financial and non-financial performance. Communicating with our investors strengthens our reputation.

- **Local Communities:** Our Community Advisory Councils meet regularly and share open dialogue on a range of concerns and opportunities for us to improve.

- **NGOs:** We work to establish trusting, long-term relationships with NGOs. This provides an opportunity to share our sustainable business model, and builds advocates to help IP tell our story to a larger group of consumers.

- **Suppliers:** In 2014, we began training our suppliers outside of the U.S. on our standards and expectations so they can better understand sustainability and the role they play in achieving it with us.
Giving Back is IN OUR NATURE

In 2014, we donated approximately:

- **$10 million** in foundation grants, business contributions, and in-kind donations
- **12,500 hours** in volunteer time by over 2,000 International Paper employees

2014 Global Giving by Focus Area

- **36%** Literacy
- **20%** Environmental Education
- **21%** Health & Human Services
- **21%** Signature Programs
- **2%** Employee Involvement

*Coins 4 Kids®, United Way, Employee Relief Fund

"International Paper takes great pride in being a responsible corporate citizen and supporting the communities where our employees live and work."

—Deano Orr, Executive Director, IP Foundation & Global Giving Programs
## 2020 Goals

<table>
<thead>
<tr>
<th>Sustainability Area</th>
<th>2020 Goal Set in 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fiber Certification</strong></td>
<td>35% global increase in third-party-certified fiber volume.</td>
</tr>
<tr>
<td><strong>Air Emissions</strong></td>
<td>10% reduction in pollutant emissions (SO₂, NOₓ, PM) from aligning with energy efficiency initiatives.</td>
</tr>
<tr>
<td><strong>Water Quality</strong></td>
<td>15% reduction in mill wastewater discharges of oxygen-depleting substances (BOD) to receiving streams.</td>
</tr>
<tr>
<td><strong>Supply Chain</strong></td>
<td>Establish processes promoting transparency, managing risk by monitoring, and identifying opportunities to collaborate with suppliers.</td>
</tr>
<tr>
<td><strong>Energy Efficiency</strong></td>
<td>15% improvement in efficiency in purchased energy use.</td>
</tr>
<tr>
<td><strong>Community Involvement</strong></td>
<td>Measure and report on our charitable support for environmental education, literacy, and health and human services in the communities where we operate.</td>
</tr>
<tr>
<td><strong>Safety</strong></td>
<td>Injury-free workplace.</td>
</tr>
<tr>
<td><strong>Fiber Efficiency</strong></td>
<td>Reduce fiber loss in the manufacturing process by achieving performance of less than 0.75% fiber loss.</td>
</tr>
<tr>
<td><strong>Water Use</strong></td>
<td>Map water usage through our manufacturing locations by 2013; develop management system change objectives in 2015 to promote water use reduction in strategic watershed areas by 2020.</td>
</tr>
<tr>
<td><strong>Solid Waste</strong></td>
<td>Reduce manufacturing waste to landfills 30% by 2020, and ultimately to zero.</td>
</tr>
<tr>
<td><strong>Recycling</strong></td>
<td>15% increase in the recovery of Old Corrugated Containers (OCC) by exploring new sources and diverting usable fiber from the landfill.</td>
</tr>
<tr>
<td><strong>GHG Emissions</strong></td>
<td>20% absolute reduction in global GHG emissions (Scope 1 and 2) associated with the production of our products.</td>
</tr>
</tbody>
</table>
Transparency and accountability are important elements of our sustainability commitment. We measure and report progress on 12 voluntary sustainability goals to demonstrate this commitment and guide continuous improvement. All goals are based on a 2010 baseline.

### 2014 ACCOMPLISHMENTS

<table>
<thead>
<tr>
<th>Goal</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SUSTAINABILITY AREA 2020 GOAL SET IN 2012</strong></td>
<td></td>
</tr>
<tr>
<td><strong>FIBER CERTIFICATION</strong></td>
<td></td>
</tr>
<tr>
<td>Surpassed our original goal of 15%, with a 27.8% increase in certified fiber volume since 2010. 23.4 million tons of certified fiber were purchased.</td>
<td></td>
</tr>
<tr>
<td><strong>AIR EMISSIONS</strong></td>
<td></td>
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<tr>
<td>18% reduction in pollutant emissions since 2010.</td>
<td></td>
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<tr>
<td><strong>WATER QUALITY</strong></td>
<td></td>
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<tr>
<td>12% reduction in BOD levels since 2010.</td>
<td></td>
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<tr>
<td><strong>SUPPLY CHAIN</strong></td>
<td></td>
</tr>
<tr>
<td>Established baseline supply-chain performance.</td>
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<tr>
<td>Implemented plans to improve.</td>
<td></td>
</tr>
<tr>
<td><strong>ENERGY EFFICIENCY</strong></td>
<td></td>
</tr>
<tr>
<td>6.1% increase in efficiency since 2010.</td>
<td></td>
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<tr>
<td><strong>COMMUNITY INVOLVEMENT</strong></td>
<td></td>
</tr>
<tr>
<td>Donated approximately $10 million dollars to charitable organizations in 2014. Global Giving Center of Excellence Team is exploring options for an electronic volunteer tracking system.</td>
<td></td>
</tr>
<tr>
<td><strong>SAFETY</strong></td>
<td></td>
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<tr>
<td>68% decrease in LIFE events since 2010.1</td>
<td>1. Baseline has been adjusted for acquisitions</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>FIBER EFFICIENCY</strong></td>
<td></td>
</tr>
<tr>
<td>Established global standards and data collection protocols. In the next 2-years we intend to use our baseline data and rolling trend information to catalyze best practice sharing and capital investment to improve 4th quartile fiber efficiency performance.</td>
<td></td>
</tr>
<tr>
<td><strong>WATER USE</strong></td>
<td></td>
</tr>
<tr>
<td>Mapped water use and risk by location, identified priority mills and initiated management system changes to enhance reduction in water use.</td>
<td></td>
</tr>
<tr>
<td><strong>SOLID WASTE</strong></td>
<td></td>
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<tr>
<td>17% reduction in manufacturing waste to landfills since 2010.</td>
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</tr>
<tr>
<td><strong>RECYCLING</strong></td>
<td></td>
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<tr>
<td>8.2% decrease in OCC Recovery since 2010.</td>
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</tr>
<tr>
<td><strong>GHG EMISSIONS</strong></td>
<td></td>
</tr>
<tr>
<td>8.3% reduction in absolute emissions since 2010.</td>
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</tbody>
</table>
### 2014 Awards & Recognition

The following awards acknowledge our continuous improvement and progress toward our vision of becoming one of the most successful and most respected companies in the world.

<table>
<thead>
<tr>
<th>Award/Recognition</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FORTUNE Magazine “World’s Most Admired Companies® 2015”</strong></td>
<td>International Paper named for the 12th time in the last 13 years.</td>
</tr>
<tr>
<td><strong>Ethisphere Institute’s World’s Most Ethical Companies® 2015</strong></td>
<td>International Paper made the list for the ninth year in a row.</td>
</tr>
<tr>
<td><strong>Corp Citizen CR Magazine 100 Best Corporate Citizens List 2014</strong></td>
<td>On the list for the second consecutive year.</td>
</tr>
<tr>
<td><strong>Indian Paper Manufacturers Association (IPMA) Environment Award 2013-2014</strong></td>
<td>Presented to the Rajahmundry mill for maintaining high standards of environmental management.</td>
</tr>
<tr>
<td><strong>Guia Exame Você S.A. Best Companies To Work For 2014.</strong></td>
<td>Named one of the 150 best companies to work for in Brazil for the ninth time, and the best company to work for in the pulp and paper industry.</td>
</tr>
<tr>
<td><strong>Puls Biznesu Daily</strong></td>
<td>“Poland’s Ethical Companies 2014.” Kwidzyn Mill named for the first year of the initiative.</td>
</tr>
</tbody>
</table>

See our 2020 goals