

SUSTAINABILITY UPDATE

INTERNATIONAL  PAPER

EHS & Sustainability

What is Climate Change?

Climate change, also called global warming, refers to any significant change in measures of the earth's climate, such as temperature, precipitation or wind that persist for decades or longer. Climate change may be caused by natural factors or processes, such as changes in the sun's intensity or changes in ocean circulation or by human activities that affect the composition of the earth's atmosphere (burning fossil fuels, which release greenhouse gases, etc.).

Greenhouse gases prevent heat from escaping earth to space and are necessary for life on the planet. Growing public concerns about the impact of these activities on our environment have brought attention to society's actions to reduce these emissions.

Greenhouse Gas Emissions

Paper manufacturing requires energy. Depending on the source of that energy, our manufacturing processes may also emit large amounts of greenhouse gases. Here are some important facts to know about International Paper's greenhouse gas emissions in 2010:

- Globally, greater than 70 percent of the energy used at our paper mills comes from trees (biomass and pulping liquors). These fuels are not counted as sources of greenhouse gas emissions because they come from renewable energy sources and are carbon-neutral. This means that the carbon removed from the atmosphere by tree growth is equal to the carbon released by its burning.
- Approximately 30 percent of the energy used at our global paper mills comes from fossil fuels like coal, oil and natural gas. It is this energy that generates our greenhouse gas emissions.
- Globally, we emitted a total of 9.8 million metric tonnes of greenhouse gas from direct sources and 4.7 million metric tonnes of greenhouse gas from indirect sources.
 - Direct emissions are from sources that are owned or controlled by our company.
 - Indirect emissions are a consequence of our manufacturing and converting activities, but occur at sources owned or controlled by another entity i.e. purchased energy.

The Nature of Our Products

International Paper is a global manufacturing company that produces recyclable paper and packaging products from renewable resources. Forests provide the predominant input for our products and the energy to make those products. Forests are a renewable resource that capture and store carbon. This carbon remains stored in the products we produce during their useful life.

Ranges of combined direct and indirect emissions for our products made at U.S. manufacturing locations:

Coated Paperboard	.72-1.12 tonnes/tonne of product
Containerboard (Industrial Packaging)	.37-1.01 tonnes/tonne of product
Uncoated Freesheet	.76 – 1.29 tonnes/tonne of product

Managing Greenhouse Gas Emissions

In response to this global challenge, International Paper has undertaken numerous activities including:

Understanding our footprint – we track and report greenhouse gas emissions from our sites, globally.

Participating in the debate – we have developed and are advocating principles for climate change with policymakers.

Committing to improvement – we have committed to voluntary emissions reductions.

Investing in the future – we have invested steadily to reduce our use of fossil fuels (particularly oil and natural gas), increase the use of bioenergy and conserve energy.

Learning by doing – we participate in greenhouse gas trading programs in the U.S. and Europe and are learning how to reduce climate impacts in a cost effective manner. For example:

- Membership in the U.S. EPA's Climate Leaders program and commitment to reduce greenhouse gas emissions by 15 percent between 2000 and 2010.
- Founding partner and participant in the Chicago Climate Exchange (CCX), where we helped develop a well functioning market for carbon trading.
- Participation in the European Union's carbon trading system through our IP European mills.
- Adoption of a company Global Forest Certification policy to assure sourcing of wood fiber from sustainably managed forests and to assure wood fiber is not obtained from illegal sources.
- Investment in 2009 of more than \$30 million in capital for energy efficiency projects.

Record of Success

International Paper has a record of success in managing greenhouse gases. From 2000 to 2009 we reduced global greenhouse gas emissions by more than 30 percent. For our energy efficiency projects completed in 2009 alone, the expected impact is a 2.5 trillion Btu reduction in annual fossil fuel usage and \$20 million in annual savings.

Changes in Greenhouse Gas Regulation

Next year, our U.S. mill greenhouse gas emissions data will begin to be publicly available as part of the U.S. Environmental Protection Agency's Greenhouse Gas Reporting Rule. We will continue to be transparent to our stakeholders without speculating on the future impacts of climate change or the fate of the many pending regulatory proposals. We are proud of our accomplishments to date, and continue to make progress towards our goals of reducing energy use and the corresponding greenhouse gas emissions.

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