

California Transparency in Supply Chains Act

Disclosure Statement **2020**

International Paper Company (“International Paper”) is committed to conducting business with honesty and integrity wherever we operate around the world, treating all people with dignity and respect, and complying with all applicable laws, regulations and treaties.

We do not tolerate prohibited child labor, slave labor or any use of force or other form of coercion, fraud, deception, abuse of power or other means to control people in order to exploit them.

We do the right things, in the right ways, for the right reasons, all of the time – this is The IP Way.

We are also committed to protecting and promoting human rights globally. We do not tolerate prohibited child labor, slave labor or any use of force or other form of coercion, fraud, deception, abuse of power or other means to control people in order to exploit them. We respect international principles of human rights including, but not limited to, those in the UN Declaration of Human Rights, the Trafficking Victims Protection Act as amended, the California Transparency in Supply Chains Act and the UK Modern Slavery Act. We embody these principles and commitments in our corporate policies, the International Paper Code of Conduct and our Third Party Code of Conduct (“Third Party Code”).

At International Paper, we do the right things, in the right ways, for the right reasons, all of the time – this is The IP Way. The IP Way is the foundation of the strategic drivers developed under The IP Way Forward, which supports International Paper’s vision to be among the most successful, sustainable and responsible companies in the world. Along with The IP Way Forward, our core values of safety, ethics and stewardship serve as a guidepost as we carry out our mission to improve people’s lives, our planet and our company’s performance by transforming renewable resources into products people depend on every day.

We comply with applicable laws of every country in which we operate and expect those with whom we do business to do the same.

International Paper's Code of Conduct and company policies set expectations and requirements for our employees, including expectations to value and promote human rights, treat each other with respect and dignity and take reasonable steps to watch out for signs of slave labor or trafficking

We have processes and procedures in place to detect, mitigate, protect and respond to risks such as corruption, bribery, human trafficking and slavery in our supply chain.

We comply with applicable laws of every country in which we operate, and we expect those with whom we do business to do the same. We publically state our commitment to operating with high ethical standards and promoting respect for human rights in our Human Rights Statement, this disclosure statement and other declaration statements posted on our company website. International Paper's Code of Conduct and company policies set expectations and requirements for our employees, including expectations to value and promote human rights, treat each other with respect and dignity and take reasonable steps to watch out for signs of slave labor or trafficking. In our Third Party Code, we express these same expectations to partners in our supply chain. The International Paper Third Party Code makes it clear that we expect all those who provide us with goods or services to conduct their operations with high standards for safe and respectful workplaces, as well as ethical business practices and conduct. Such standards include, but are not limited to, safe and healthy working conditions, the protection of human rights and dignity, the responsible use of natural resources and compliance with applicable laws. Our Third Party Code is on our company website and available in all applicable languages.

This statement is in compliance with the California Transparency in Supply Chains Act of 2010 (the "Act"), which requires retail sellers and manufacturers doing business in California with over \$100 million in worldwide gross receipts to disclose their efforts to eradicate slavery and human trafficking from their direct supply chains. It covers the period from our last declaration statement up to and including 2020. International Paper is a global producer of fiber-based packaging, pulp and paper, operating in many locations including the state of California. Accordingly, the Act requires International Paper to disclose, at a minimum, the following:

- **Verification.** International Paper conducts due diligence, risk analysis and ongoing monitoring of our suppliers. We have processes and procedures in place, and continuous improvement practices, designed to detect, mitigate, protect and respond to various legal and ethical risks, including corruption, bribery, human trafficking and slavery in our supply chain. These practices require compliance with applicable laws, including those governing human trafficking, slavery and anti-corruption. International Paper engages the majority of its third parties through purchase orders, with purchase order terms and conditions or other written agreements. These require all third parties to comply with our Third Party Code or their own code of conduct, as long as it contains substantially

With every contract, suppliers and other third-party partners must commit in writing that they will require the same level of compliance from their own suppliers.

Approximately 90 percent of our contracted spend is covered with written agreements containing a commitment to comply with the principles of our Third Party Code.

similar standards. With every contract, suppliers and other third-party partners must commit in writing that they will require the same level of compliance from their own suppliers. If suppliers do not agree to these terms, we flag them, monitor them and review their activity until we can come to a business decision about their status – if we do not replace them immediately.

- **Auditing.** International Paper has verification and audit rights within its supply contracts that permit us to audit supplier compliance with certain contract terms, including the terms requiring compliance with our Third Party Code. The Third Party Code clearly outlines our expectations and prohibitions concerning human trafficking and slave labor. After an initial pre-contract risk assessment, we contract with a supplier requiring them to comply with all laws and our Third Party Code or their own code of conduct, if it covers the same principles. As of 2020, approximately 90 percent of our contracted spend is covered with written agreements containing a commitment to comply with the principles of our Third Party Code. Furthermore, it is our normal, ongoing practice to conduct risk analysis of these suppliers under written agreement, based on potential risk factors such as non-compliance with principles of the Third Party Code.¹ After completing each assessment, we survey certain strategic suppliers through an online tool managed by an external provider. After assessing survey results, we then use an external company to perform an onsite audit of certain suppliers. The survey and audit protocols include questions that address the risk of human trafficking and slave labor in our supply chain.
- **Certification.** All International Paper contracts and purchase order terms and conditions with suppliers and other third-party partners require them to comply with all laws in addition to our Third Party Code. While some of our regions have obtained written acknowledgement from suppliers verifying they have received and agree to comply with our Third Party Code, most regions, including the United States, secure their commitment through written contracts. For fiber products, we obtain certifications from third-party organizations, some of which include updated standards requiring compliance with slavery and trafficking laws. Other than these fiber certifications, along with our contractual obligations with

¹ Due to the COVID-19 pandemic, we were unable to perform our usual detailed assessments in 2020, but are resuming them in 2021.

suppliers and other third-party partners and the reservation of our right to investigate and terminate, we do not have a formal supplier certification process.

Everyone in our business community is accountable to conduct business with or for us in an ethical manner.

Our partners' compliance with the Third Party Code is an essential factor in our decision whether to enter into a business relationship or extend existing ones.

We reinforce and develop processes and procedures that hold suppliers accountable in all areas, including human trafficking, slave labor and child labor.

- **Internal Accountability.** We hold the entire International Paper business community accountable to conduct business with or for us in an ethical manner, whether employees, contractors, agents, suppliers or other third-party providers. International Paper employees are, under the terms of their employment, required to follow all laws of the countries in which they operate and all company policies and procedures, including our Code of Conduct, employee manuals, various business rules and standard operating procedures. Employees who violate laws or company policies are subject to disciplinary action, up to and including discharge. Likewise, suppliers must comply with our Third Party Code or, alternatively, with their own code of conduct, as long as it contains substantially similar standards. If they fail to comply with the law or do not address contractual non-compliance in a timely manner, International Paper reserves its contractual rights to terminate relationship with them. A supplier's or other third-party partner's compliance with the Third Party Code is an essential factor in International Paper's decision whether to enter into a business relationship or to continue or extend their existing one.

As part of our supply chain sustainability program, we will continue to reinforce and develop processes and procedures that hold suppliers accountable in all areas, including human trafficking, slave labor and child labor. Furthermore, we are in the ongoing process of implementing additional procedures that hold suppliers accountable to the principles of the Third Party Code and applicable laws.

International Paper's corporate policy on human rights describes to employees our expectations on valuing human rights, acting with dignity and respect, recognizing the signs of slave labor and the company's impact on human rights in regions in which we operate. International Paper and its employees participate in significant outreach and volunteer activities in our communities. Both directly and through our foundations, we promote activities that support the communities in which our employees live and work. Besides attempting to identify and respond to potential occurrences of slave labor, International Paper also believes it is important to address some of the social circumstances that allow disadvantaged persons

to find themselves in exploitative situations. International Paper has aligned our Global Citizenship strategy to the UN Sustainable Development Goals, such as: Zero Hunger, Quality Education, Clean Water and Sanitation, Decent Work and Economic Growth, Responsible Consumption and Production, Climate Action, Life on Land and Partnerships for the Goals. Focus on these goals allows us to directly support community needs such as education, food, clean water and decent work, where lack of opportunity or support in these basic areas can contribute to persons finding themselves in exploitive situations in order to survive.

International Paper regularly trains its employees and those of its subsidiaries in the standards of ethical behavior, policies, procedures and legal requirements that define the way we do business.

- **Training and Awareness.** International Paper regularly trains its employees and those of its subsidiaries in the standards of ethical behavior, policies, procedures and legal requirements that define the way we do business. We typically provide training to our Global Sourcing and Supply Chain Operations employees on the potential indicators of slave labor and human trafficking and how to report potential risk situations. We have also been developing an updated Third Party Code training module for rollout to all full-time, salaried employees, as well as an online course on human trafficking to incorporate as part of a multi-year training plan. Furthermore, we provide a checklist for site visits, so employees have a resource to track their observations, which could include warning signs of slave labor. As appropriate across our global regions, International Paper also provides training and educational materials to temporary employees, suppliers and contractors.