



International Paper is one of the world's leading producers of fiber-based packaging, pulp and paper. We transform renewable resources into recyclable products that people depend on every day.


 **55,000**  
EMPLOYEES

**24**  
COUNTRIES 

 **100,000**  
SUPPLIERS

OUR GOAL IS  
**100%**   
ELIMINATION  
OF LIFE-CHANGING  
INJURIES AND FATALITIES

 **34%**  
OF OUR FIBER  
IS CERTIFIED

**\$14**  
MILLION  
DONATED  
TO SUPPORT  
CRITICAL  
COMMUNITY NEEDS 

 **74%**  
OF OUR MILL  
ENERGY COMES  
FROM BIOMASS

**11**  
YEARS IN A ROW  
CHOSEN AS ONE  
OF THE WORLD'S  
MOST ETHICAL COMPANIES 

INTERNATIONAL  PAPER

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INTERNATIONAL  PAPER

## UK Modern Slavery Act

### Disclosure Statement 2017

International Paper, including all its subsidiaries, 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 are also committed to protecting and promoting human rights globally. We do not tolerate illegal child labor, forced 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. As a parent corporation to International Paper subsidiaries doing business in the UK, International Paper Investments (Luxembourg) S.à r.l. ("IP Luxembourg"), is making the present declaration on behalf of International Paper and these subsidiaries.

#### OUR COMPANY AND BUSINESS

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“We are unified around shared commitments to strengthen our people and communities, provide solutions for our customers and ensure the sustainability of our company and our planet.”

operates as a subsidiary of International Paper and holds subsidiary operations throughout Europe, Russia, the Middle East, Africa and Brazil. We are accountable to International Paper’s Code of Conduct, policies and practices and are unified around shared commitments to strengthen our people and communities, provide solutions for our customers and ensure the sustainability of our company, communities and planet. Around the world, our products are primarily manufactured in our own facilities by full-time, part-time and contract employees who work directly for our company. All employees are required to follow the International Paper Code of Conduct and company policies, including policies on human rights and dignity. Furthermore, International Paper strongly encourages and provides support for our joint venture and business partners to follow the same legal and ethical principles and respect for human rights. International Paper is an ongoing defender of respect and dignity and has had an official human rights statement since 2012.

#### OUR POLICIES AND STANDARDS

**Global principles.** We respect international principles of human rights, including those expressed in the UN Declaration of Human Rights, the United Nations (UN) Guiding Principles on Business and Human Rights, the UK Modern Slavery Act of 2015 and others. We believe our strong respect for human rights has always been embodied in the values of *The IP Way*, our corporate policies and our Code of Conduct. Such values continue on in *The IP Way Forward*. We comply with the laws of every country in which we operate and expect those with whom we do business to do the same. We have longstanding high standards of ethical business conduct that are at the core of how we operate.

**A public stand.** Since 2012, International Paper has publically declared our Human Rights Statement and published our California Transparency Act declaration statement and Supplier Code of Conduct (“Supplier Code”). The Supplier Code makes clear to our suppliers our expectations of them to have responsible, legal and ethical behavior within our supply chains and to abide by all laws on human trafficking, forced labor and child labor. Our procurement contracts and purchase order terms and conditions require

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

contractual commitment from our suppliers to abide by the principles of our Supplier Code, and we have enhanced our procurement procedures to assess non-compliance risks and monitor our supply chain. This year, we are adding to our corporate policies a standalone human rights policy. All of these documents make our commitments more public and ensure our stakeholders know the standards we apply to ourselves and expect from all of our business partners.

**UK compliance.** The UK Modern Slavery Act (the “Act”) requires commercial organizations in any sector that have a total turnover of above £36 million, and that supply goods or services with at least part of their business in the United Kingdom, to produce a slavery and human trafficking statement for each financial year. The Act requires such businesses to produce a statement setting out steps they take during the financial year to ensure slavery and human trafficking are not in any of their supply chains or any part of their own business. As a parent corporation to subsidiaries which reach this threshold, IP Luxembourg submits this statement on behalf of International Paper and its subsidiaries worldwide.

**Employee requirements.** Everyone who is part of the International Paper business community, whether an employee, contractor, agent or supplier, will be held accountable to conduct business with or for us in an ethical manner. Our employees are, under the terms of their employment, required to follow all laws of the countries in which they operate, along with our Code of Conduct and all International Paper policies and procedures, 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.

**Supplier requirements.** Enterprise-wide, we are supported by over 100,000 suppliers globally. We expect them to comply with our Supplier Code and all applicable laws, including those laws and principles prohibiting involvement with human trafficking and slavery. 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 compliance with the Supplier Code – or with their own code of conduct, if it contains similar ethical principles – is an essential factor in our decision to enter into a business relationship with them or extend an existing one.

#### **DUE DILIGENCE AND AUDITING**

“Everyone who is part of the International Paper business community... will be held accountable to conduct business with or for us in an ethical manner.”

“We encourage anyone to report human rights violations or other wrongdoing at any level of our business, and we take all such reports very seriously.”

**Supply chain sustainability development.** As part of our global supply chain sustainability program, we are in the ongoing process of implementing additional procedures that hold suppliers accountable in all areas, including labor sourcing. With the Supplier Code, we have also notified our suppliers that we expect them to follow its standards – standards that are nothing new, but which are formally memorialized in the Supplier Code. This global distribution and notification process to all suppliers is now complete. Furthermore, we have revised our supply agreement templates so that every new, renewed or amended contract requires a commitment by suppliers to comply either with our Supplier Code or its own company code of conduct, as long as it contains comparable standards and meets with our approval. With every contract, suppliers must commit in writing that they will require the same level of compliance from their own suppliers. Suppliers who do not agree to these terms – if we do not replace them immediately – are flagged, monitored and reviewed in the ongoing relationship until we can come to a business decision about their status and take appropriate action. To help identify non-compliant partnerships, IP provides a global call-in reporting program for employees, suppliers, contractors and surrounding communities in all regions in their local languages. Through this whistleblowing process, we encourage anyone to report human rights violations or other wrongdoing at any level of our business, and we take all such reports very seriously.

**Certifications.** 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 suppliers and the reservation of our right to investigate, we do not have a formal supplier certification process.

**Audits.** We have audit rights in many of our supply contracts that permit us to audit supplier compliance with certain contract terms. In 2016, we continued to improve our risk assessment processes and initiated a pilot supplier survey using a third-party provider. In 2017, we will fully implement our risk-based supplier survey and audit process, checking for compliance with our Supplier Code, including its provisions on trafficking and slavery.

We have reserved the right to investigate instances of non-compliance with our Supplier Code, including non-compliance with laws on human trafficking and slavery.

#### **RISK ASSESSMENT**

**Risk considerations.** As part of our centralized sourcing process, we routinely check our supply chain to identify, assess and manage risks associated with suppliers. We consider product quality, supplier performance, transaction types, specific commodities we purchase, and the geographic locations from which we source commodities, along with other relevant business and legal criteria. In 2016, we incorporated an expanded risk assessment process in our procurement procedures.

**Risk mapping.** As part of its continuous improvement efforts, International Paper has developed a global risk mapping process based on the potential risk impact of a supplier's non-compliance with our Supplier Code. The map incorporates a review and rank of risks related to the commodities and services we source, along with perceived risks of countries in which we operate based on Transparency International's Corruption Perception Index. This global risk heat map provides overall direction for our risk focus areas. Based on it, we have made gap assessments and developed improvements in our centralized global procurement process.

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

**Ongoing process development.** In 2016, we continued to roll out the gap assessment process globally and are developing more region-specific risk assessment processes, as well as response and mitigation protocols, to implement globally. We are concerned about particular workers that might be vulnerable in our supply chains, such as those who provide forest labor or collect recyclable materials. We recognize that some of our more vulnerable regions include Russia, Brazil, China, Morocco and Turkey.



## 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. In 2015, in the United States, the International Paper Global Sourcing and Supply Chain Operations teams, including directors, managers and employees who manage our enterprise-wide sourcing activities, received specific training on human trafficking and slavery and mitigating risks within supply chains. In the same year, we also began distributing a global supplier sustainability handbook that provides suppliers with further education on our Supplier Code and expectations of ethical conduct. In 2016, we developed additional online employee training modules on our supplier code and supplier site safety. Translation into regional languages is currently ongoing, and training will be available globally in 2017.


As we fully engage our global procurement team and supplier-interfacing employees..., we believe we will make strong strides toward detecting, investigating and responding to any incidents of forced labor, child labor or trafficking in our supply chain.

## EFFECTIVENESS

We understand that the potential for modern slavery in the supply chain is a valid risk but often difficult to uncover. As we fully engage our global procurement team and supplier-interfacing employees in the development of regional risk processes, reporting procedures and response protocols, we believe we will make strong strides toward detecting, investigating and responding to any incidents of forced labor, child labor or trafficking in our supply chain. Indicators of program effectiveness will include:

- Employee training completion confirmation
- Confirmation of consistent employee use of risk assessment tools
- Records of resources provided to suppliers
- Records from our third-party survey and audit procedures, and
- Investigation results and mitigation responses for any reports of modern slavery incidents

This statement was approved by IP Luxembourg:

  
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