

2018

INTERNATIONAL  PAPER

Global Citizenship Report



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About the Cover...

At International Paper, creating value for the future is all about people: employees, customers, suppliers, community members, shareowners and all other stakeholders. That's why we're highlighting a few of these people in our suite of 2018 reports. This cover features a child in one of our communities, an employee and Estella Mayhue-Greer, president and chief executive officer of the Mid-South Food Bank, one of the many nonprofits we support in the communities where our employees live and work.



Estella Mayhue-Greer
President and chief executive officer,
Mid-South Food Bank

A member of the Feeding America® network, Mid-South Food Bank provides food for 400,000 food-insecure people in a 31-county service area. Estella joined Mid-South Food Bank 23 years ago and has been at the helm for the last eight years. "We see the impact of providing food to those in need every day," she said. "Our partner agencies tell us stories of clients who are able to take better control over their lives when they are not worried about having enough food." International Paper is proud to support food banks like Mid-South Food Bank as we seek to improve food security throughout our communities.

Learn more at InternationalPaper.com/reports



About this Publication

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. GRI is a universally applicable, comparable framework that facilitates transparency and accuracy.

Unless otherwise indicated, information is from the 2018 calendar year, and data are accurate as of December 31, 2018.

This report is supplemented by our 2018 Annual Performance Summary, Company Overview and information available at InternationalPaper.com/reports. We welcome suggestions and encourage open dialogue about opportunities to improve. Please email globalcitizenship@ipaper.com to provide feedback or to request more information about topics covered in this report.



Our vision is to be among the most successful, sustainable and responsible companies in the world.

Who we are

We are one of the world's leading producers of renewable, fiber-based packaging, pulp and paper.

What we do

Our mission is to improve people's lives, the planet and our company's performance by transforming renewable resources into products people depend on every day.

How we do it

We do the right things, in the right ways, for the right reasons, all of the time — this is The IP Way. Together, The IP Way and our core values of safety, ethics and stewardship serve as our guideposts as we carry out our mission.

\$23 Billion

Total Revenue in 2018

More than 52,000

Global Employees

25,000

Customers in 150 Countries

More than \$21 Million

Invested to address critical needs in the communities where we live and work

Q&A

with Chairman and Chief Executive Officer
Mark Sutton



What is your approach to sustainability?

Sustainability has been part of our DNA for more than 120 years and is the foundation of how we run our company. It starts with people — attracting and developing a talented workforce, ensuring everyone arrives home safely at the end of each day and helping our local communities thrive.

It's also about Sustaining Forests and Improving our Planet. These Strategic Drivers align our sustainability efforts throughout our value chain — from the way we manage natural resources to our manufacturing processes, energy use, transportation, recovery and recycling.

Why is it important to focus on sustainability throughout every part of your value chain?

Environmental stewardship and responsible manufacturing practices are fundamental to how we operate, but that's not enough. We must also ensure that our supply chain partners share our commitment. Together, we transform renewable resources into sustainable, recyclable products people depend on every day.

We also recognize our dependence and impact on natural and human capital and the opportunity to drive positive environmental, social and economic outcomes. Tackling challenges throughout our value chain will improve our company and our products while benefiting all stakeholders.

“Global citizenship is about **more than environmental stewardship**. It's about being a good neighbor and mobilizing our people, products and resources to support the critical needs in the communities where we live and work.”

What influences your sustainability priorities?

Technology and emerging consumer trends continue to impact how people view and value natural resources around the globe. From rising demand for ecommerce packaging to innovative uses for wood fiber, our industry is evolving faster than ever before. These changes present both challenges and opportunities for International Paper.

Global initiatives like the United Nations' Sustainable Development Goals (SDGs) are influencing companies, governments and non-governmental organizations to accelerate sustainability efforts. We have mapped our sustainability goals with select SDGs and have developed partnerships to pursue these goals.

By identifying global trends material to our business, we focus on the issues where we can create the greatest impact. We assess associated risks and opportunities and adjust our approach accordingly.

How do you balance sustainable business practices with the pressure to meet investors' financial expectations?

Sustainable operations and financial performance are both essential in creating long-term value for our shareowners. For more than a century, International Paper has demonstrated that promoting environmental stewardship and creating economic value go hand in hand.

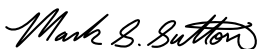
Through our participation in the Business Roundtable's Energy and Environmental Committee, we're working with leading companies to share sustainability strategies and tactics that are creating value for companies, investors and communities around the world.

How is International Paper progressing on its sustainability goals and what is the plan for the future?

We're on track to meet or exceed nearly all of our Vision 2020 Goals, and we are developing our next-generation goals, which will lead us through 2030 and beyond.

We have engaged both internal and external stakeholders as we determine what is most important for International Paper's future success. Our next-generation goals will continue to align with The IP Way Forward and our five Strategic Drivers — Sustaining Forests, Investing in People, Improving our Planet, Creating Innovative Products and Delivering Inspired Performance — and will enable us to pursue our vision of being among the most successful, sustainable and responsible companies in the world.

Mark S. Sutton
Chairman and Chief Executive Officer,
International Paper



“Tackling challenges throughout our value chain will improve our company and our products while benefiting all stakeholders.”



THE IP WAY FORWARD

Our strategic framework for achieving our vision and creating value for all stakeholders for generations to come

Sustaining Forests

Our entire business depends upon the sustainability of forests. We will continue to lead the world in responsible forest stewardship to promote healthy and productive forest ecosystems for generations to come.



UNITED STATES

Celebrating Five Years of Impact

Our Forestland Stewards partnership with the National Fish and Wildlife Foundation has resulted in:

- **\$15 million invested by International Paper** and **\$36 million in matching funds** to conserve southern U.S. forests
- **400,000 acres** of wildlife habitat that will be restored and protected

Supporting Forests through Education

We committed to a three-year partnership with Project Learning Tree® (PLT), an initiative of the Sustainable Forestry Initiative®, to develop educational materials focused on STEM — science, technology, engineering and math — and green jobs. PLT uses forests to teach students about the environment.

Innovating for Forests

We developed an app that uses mapping technology to help our U.S. fiber sourcing team ensure the fiber we procure doesn't compromise healthy forest ecosystems.



More than 90 percent of our fiber supply in the U.S. comes from privately owned forests, such as Richard Barge's (pictured left) in Macon, Mississippi. With support from International Paper, the Barge family property holds both Forest Stewardship Council® (FSC®) and American Tree Farm System® certifications.



BRAZIL

Celebrating 20 Years of Forest Preservation

Our collaboration with the São Paulo Botanical Institute has generated techniques for restoring forests in Brazil.

For example, **more than 100 native tree species have been preserved** in the São Marcelo Forest Park in Mogi Guaçu.

Science-Based Targets for Forests

We joined forces with World Wildlife Fund (WWF) to begin creating the first ever science-based targets that will identify what quantity and quality of forestland is needed for the planet, people, animals and plants to thrive.

Our restoration work with WWF in the Atlantic Forest of Brazil will help determine regional science-based targets and will provide guidance that others can take.

"International Paper's investment in creating targets will provide the framework for what needs to be done on the ground, so forests stay well below their ecological tipping points. Helping to restore the Atlantic Forest is a perfect example of the kind of actions that are needed."

—Kerry Cesareo, senior vice president for forests, World Wildlife Fund



FRANCE

Advancing Certification

Since 2012, International Paper's wood sourcing business in France has helped more than 700 landowners implement sustainable forestry management practices.

- **425,000 metric tons** of FSC® wood supplied to our Saillat mill since 2012

RUSSIA

Sustainability Lab with Moscow School of Management SKOLKOVO

This weeklong training program allows participants from government, the private sector and environmental organizations to learn about new global approaches to sustainable forest management, with the goal of innovating to address the opportunities and challenges of doing business in Russia's forestry sector.

POLAND

Advocating Sustainability

We participate on the State Forest Advisory Committee to advise Poland's government on forest sustainability issues and to help ensure native forests are managed sustainably.

INDONESIA AND GABON

Forests as a Climate Solution

We're collaborating with The Nature Conservancy on Natural Climate Solutions, a set of techniques that increase carbon storage and reduce greenhouse gas emissions in forests through sustainable forest management.



Sustainable Supply Chain

An efficient and responsible supply chain is key to obtaining quality raw materials and services that support our operations and ensure we meet our customers' needs.

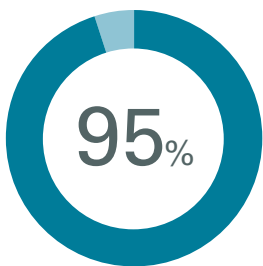


Throughout our global supply chain, we promote:

- Safe and healthy working conditions
- High ethical standards
- Protection of human rights and dignity
- Responsible use of natural resources
- Compliance with all applicable laws

Registered SmartWay® Shipper

SmartWay is a U.S. Environmental Protection Agency (EPA) program that helps improve freight transportation efficiency.



SmartWay carriers account for more than 95 percent of our total ton-mile* in North America

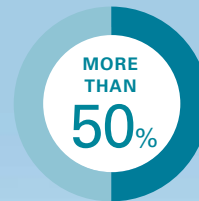
We work with more than **200**  SmartWay carriers

40% reduction in CO₂ emissions per ton-mile* over the past five years among SmartWay carriers

* Transportation metric representing one ton of product transported one mile

Strategic Supplier Improvements

We monitor supply chain risk through annual sustainability surveys that cover all aspects of our Supplier Code of Conduct: ethics, safety, labor and environmental compliance.



of our strategic suppliers surveyed **improved their sustainability scores from 2017 to 2018** based on scoring and feedback they received from International Paper



Focus on Supplier Diversity

Our commitment to diversity extends to our supplier relationships, as evidenced by our U.S. supplier diversity program. A diverse supplier base enables us to contribute to the economic well-being of the communities where we live and work.

We actively seek to include businesses owned by minorities, women, veterans and persons with disabilities, as well as participants in the Small Business Administration's HUBZone (Historically Underutilized Business Zones) and 8(a) business development programs. We partner with diverse firms that can provide value to our business and throughout our value chain.



\$3.7 billion

spent with diverse-owned businesses over the past five years

Collaborating to Create a More Diverse Supply Chain

Our efforts to foster supplier diversity extend across our supply chain, and we encourage our suppliers to partner with us in those efforts. In 2018, we worked with one of our information technology suppliers to create a solution for fulfillment of printing supplies that increased the diversity of their supply chain. Collaborations like this help us transform and sustain a diverse supply chain that reflects the communities in which we operate.

Helping Local Tree Farmers in India

Our sourcing team in India helps local tree farmers sell their pulpwood directly to vendors who deliver to our Rajahmundry mill. A third-party group helps procure pulpwood directly from farmers, eliminating intermediaries thereby increasing farmers' incomes. The group carries out harvesting in consultation with a company representative, ensuring compliance with International Paper's policies and requirements.

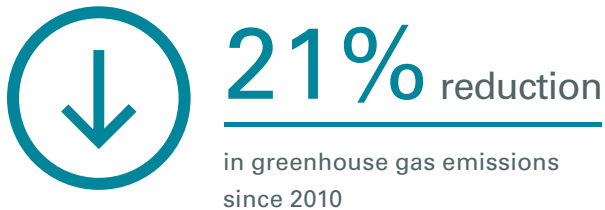


Manufacturing Responsibly

We tackle the toughest issues in our value chain, improve our environmental footprint and promote the long-term sustainability of natural capital.



Improving our Footprint



46% reduction in other air emissions since 2010

Nearly 75% of mill energy derived from renewable biomass residuals rather than fossil fuels

Invested more than \$657 million in energy efficiency improvements since 2010

Box Plants in Mexico Recognized for Environmental Protection

Mexico's environmental protection agency, la Procuraduría Federal de Protección al Ambiente (PROFEPA), recognized International Paper for the sustainability strategy and environmental performance of our box plants in the country. PROFEPA's Recognition of Environmental Commitment honors companies that contribute to the development of the economy while protecting natural resources and actively participate in the voluntary National Environmental Audit Program.

Supporting the Next Generation

Our REACH (Recruit, Engage, Align College Hires) program recruits and develops early-career engineers and safety professionals for our U.S. mill system, preparing them to become future leaders. We hired **165 REACH engineers in 2018.**



"Through REACH, I get to see the direct impact my work has on the lives of everyone here at the mill and beyond."

—Skylar Murphy, REACH engineer, International Paper

Recruiting Women Engineers

Starting in 2017, International Paper became a sponsor of Auburn University's 100+ Women Strong program, investing in the next generation of female engineering students.





Our Goal: Everyone Arrives Home Safely Every Day

Ensuring the safety of all is our most important responsibility. We believe injury-free operations are possible, and we invest in continuous, deliberate improvement efforts to ensure all employees and others arrive home safely every day. As we work to be injury-free, we focused on these key areas in 2018:

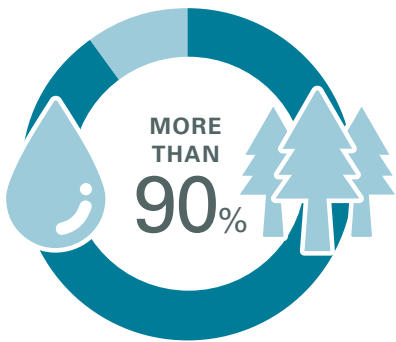
- Expanding our safety leadership training and tools to empower team members to speak up and protect one another
- Improving our contractor safety management program to make sure everyone understands safety is our most important responsibility
- Building on our progress to eliminate the most serious injuries

In 2018, we invested

\$1.6 billion

in our facilities to improve safety and reliability, lower costs and strengthen our businesses

Water Stewardship in our Facilities and Communities



of water used in our mill manufacturing is returned to the environment

100% of the water

used by our Madrid, Spain mill is recycled from the local municipal wastewater system, saving several hundred million gallons of freshwater per year

Our mills in Svetogorsk, Russia and Rajahmundry, India supply their local communities with more than

300 million gallons

of potable water per year

Innovative, Renewable Products

We create innovative, sustainable and recyclable products that help our customers achieve their objectives.



Sustainable Design

From ideation to production, we focus on how we can create innovative, sustainable and recyclable solutions.

SUSTAINABLE by nature:

Made from renewable, natural fibers

SAFE by nature:

Wood fibers are non-toxic, ensuring the health and safety of our packaging, pulp and paper products



Begin with sustainably grown new fiber and add recycled fiber



Develop sustainable solutions and alternatives



Prototype, test and refine to find ways to reduce materials, weight, etc.



Introduce recyclable, sustainable, renewable products people depend on every day

Supporting Communities through our People, Products and Resources

We make sustainable investments to protect and improve the lives of our employees and to mobilize our people, products and resources to address critical needs in the communities where our employees live and work.

International Paper and our Employee Relief Fund provided

\$1.7 million

to more than 1,200 employees impacted by disaster in 2018.

500,000 disaster relief boxes

donated to Feeding America® and food banks across the U.S. to support disaster recovery efforts.



We support children like Kymani King Obasuyi through our sponsorship of the nonprofit Knowledge Quest. The program's Green Leaf Learning Farm is a three-acre USDA Certified Organic urban, micro-farm that drives education, community and economic development and healthy food access.

Product Highlights



Right Size Packaging is a corrugated packaging solution that allows our customers to create efficient-sized packaging to reduce their freight costs while still ensuring optimal product protection.



Elegance® Fluff Pulp enables our customers to produce environmentally responsible absorbent hygiene products. This sustainable and innovative technology addresses our customers' needs by allowing them to create thin, soft and discreet products without compromising performance.



Accent® Opaque brings paper to life by using the IP4D app to incorporate augmented reality technology into print design, helping our customers create more impact.

Download the IP4D app from the App Store or Google Play, scan this page and watch it come to life.



The PippiKat® Box is an award-winning, environmentally friendly cat litter box sold in Spain. Featuring a water-resistant liner and absorbent clay, this compact litter box is easily unfolded into a hut and recycled after use.



Paper is Power® Our Paper is Power kits from Hammermill® are designed to help teachers educate students on the science behind paper and the importance of sustainable forestry practices. This resource helps strengthen the understanding of responsible paper manufacturing in the communities in which we operate.



ClimaShield® Our ClimaShield packaging provides a corrugated shipping solution that uses an environmentally friendly wax alternative as a moisture barrier. By partnering with Dusty Braddock (above) and his team at Sanderson Farms, we've developed innovative packaging that's helped them ship their poultry to grocery stores across the country and feed millions.

Recycling and Beyond



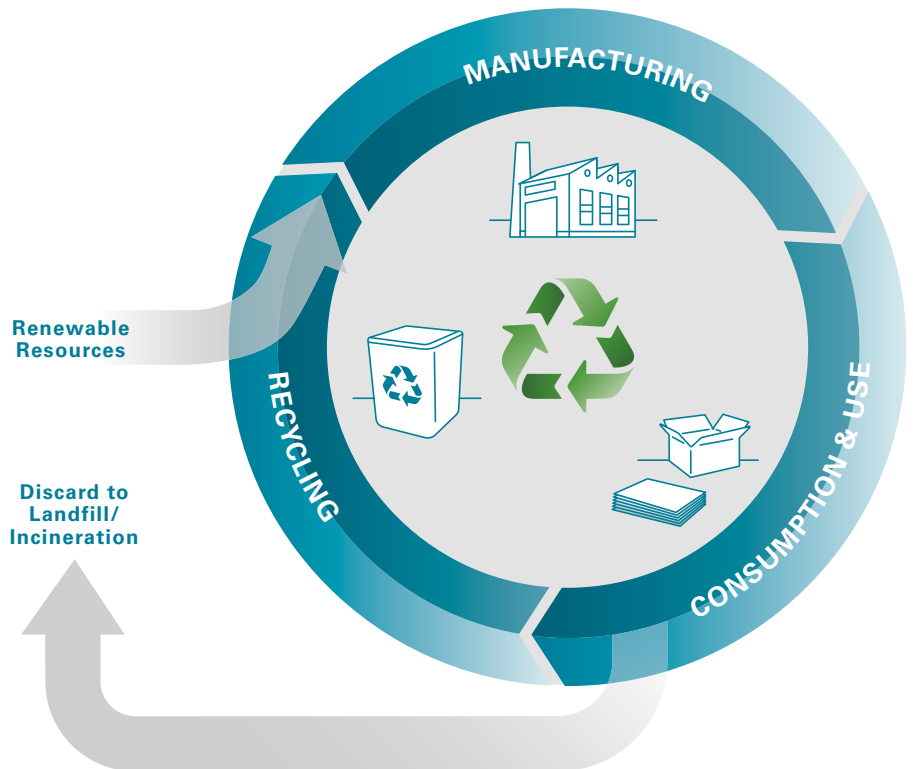
To create a more sustainable business model, we look beyond basic recycling to improve the circularity of our entire value chain.

We participate in several industry associations dedicated to increasing and sustaining corrugated box recovery rates, including:

- American Forest & Paper Association
- Fibre Box Association
- The Recycling Partnership

"Paper is the original renewable resource. It has been recycled for centuries. And today, a majority of paper consumed in the U.S. is recycled. This is good, and we can do even better. We can create a more circular world."

—Clark Weiss,
recycling plant general manager,
International Paper



We are among the world's

largest stewards

of wood and recovered fiber

We recover, reprocess or facilitate the sale of

7 million

tons of recovered fiber each year

96%

of corrugated boxes in the U.S. were recovered and reused in 2018

Vision 2020 Goals

We measure and report on 12 voluntary goals with a 2010 baseline, aimed at improving our impact on people and the planet. As we near 2020, we are on track to meet or exceed most of our targets, but we recognize that there is still work to do. We are working to identify our next generation of goals that will drive increasingly positive benefits for forests, people and our planet.

Sustaining Forests



FIBER CERTIFICATION

2018 Progress: 44% increase in certified fiber volume

Goal: Increase third-party certified fiber by 35%



RECYCLING

2018 Progress: 50% increase in recovery of OCC

Goal: Increase recovery of old corrugated containers (OCC) by 15% by exploring new sources and diverting usable fiber from landfills

Investing in People



SAFETY

2018 Progress: 35% reduction in serious safety incidents

Goal: Injury-free workplace



COMMUNITY ENGAGEMENT

2018 Progress: More than \$110 million donated to charitable organizations since 2010, including more than \$21 million in 2018

Goal: Measure and report on our charitable support for hunger, education, health and wellness and disaster relief in our communities

Improving Our Planet



ENERGY EFFICIENCY

2018 Progress: 8.9% improvement in purchased energy efficiency

Goal: Improve efficiency in purchased energy use by 15%



WATER STEWARDSHIP

2018 Progress: Formed water stewardship governance team; continued annual water risk assessments, with 65% of mills engaging local stakeholders on water

Goal: (Restated in 2016): Integrate water management into regular facility assessment and proactively engage with stakeholders in communities to address water-related issues within the watershed



SUPPLY CHAIN

2018 Progress: Continuous improvement in policies and procedures to manage a more responsible supplier base

Goal: Establish processes promoting transparency, managing risk by monitoring and identifying opportunities to collaborate with suppliers



FIBER EFFICIENCY

2018 Progress: 0.75%* fiber loss from reporting mills in 2018

Goal: Reduce fiber lost in the manufacturing process to less than 0.75%

*Fiber loss from reporting mills in 2018 was 0.7498%



GHG EMISSIONS

2018 Progress: 21% reduction in GHG emissions

Goal: Reduce greenhouse gas (GHG) emissions (direct and indirect) by 20%



AIR EMISSIONS

2018 Progress: 46% reduction in air emissions

Goal: (Restated in 2016): Reduce air emissions (PM, SO₂, NO_x) by 30%



WATER QUALITY

2018 Progress: 18% decrease in oxygen-depleting substances

Goal: Reduce mill water discharges of oxygen-depleting substances to receiving streams by 15%



SOLID WASTE

2018 Progress: 15% reduction in manufacturing waste to landfills

Goal: Reduce manufacturing waste to landfills by 30% and ultimately to zero

To learn more about our Vision 2020 Goals, please visit: InternationalPaper.com/vision-2020



**WE'RE
CREATING
VALUE FOR
GENERATIONS
TO COME...**

OUR COMPANY

Our Vision

To be among the most successful, sustainable and responsible companies in the world.

WHO WE ARE

We are one of the world's leading producers of renewable, fiber-based packaging, pulp and paper.

WHAT WE DO

Our mission is to improve people's lives, the planet and our company's performance by transforming renewable resources into products people depend on every day.

HOW WE DO IT

We do the right things, in the right ways, for the right reasons, all of the time—this is The IP Way. Together, The IP Way and our core values of safety, ethics and stewardship serve as our guideposts as we carry out our mission.

Core Values

Safety: Above all, we care about people. We look out for each other to ensure everyone returns home safely.

Ethics: We act honestly and operate with integrity and respect. We promote a culture of openness and accountability.

Stewardship: We are responsible stewards of people and communities, natural resources and capital. We strive to leave everything in better shape for future generations.

The IP Way Forward

The IP Way Forward is our Strategic Framework for achieving our vision. It consists of five Strategic Drivers — Sustaining Forests, Investing in People, Improving our Planet, Creating Innovative Products and Delivering Inspired Performance — that define how we are creating value for all stakeholders for generations to come.

Our Operations

NORTH AMERICA

27 pulp, paper and packaging mills

166 converting and packaging plants

16 recycling plants

3 paper bag facilities

LATIN AMERICA, EUROPE, MIDDLE EAST, NORTH AFRICA, AND INDIA

16 pulp, paper and packaging mills

43 converting and packaging plants

2 recycling plants

We operate a printing and packaging products distribution business principally through nine branches in Asia.

We also own or manage approximately 329,000 acres of forestland in Brazil and have, through licenses and forest management agreements, harvesting rights on government-owned forestland in Russia.

Our Businesses

Creating innovative products from responsibly sourced, renewable resources.

Industrial Packaging

We create packaging products that protect and promote goods, enable worldwide commerce and keep consumers safe. We meet our customers' most challenging sales, shipping, storage and display requirements with sustainable solutions. In addition to containerboard mills, box plants and converting operations across the globe, our North American recycling business also recovers, processes and sells seven million tons of corrugated packaging and paper annually.

Additionally, we provide high-quality coated paperboard for consumer packaging throughout Europe, the Middle East and Africa (EMEA). Customers rely on us for pharmaceutical, healthcare, cosmetics, food and beverage packaging solutions.

Global Cellulose Fibers

We create pulp for diapers, tissue and other personal hygiene products that promote health and wellness. Cellulose fiber is a sustainable, renewable raw material in hundreds of products people use every day, including baby diapers, feminine care, adult incontinence and other non-woven products. Our innovative specialty pulps are used as a sustainable alternative across a variety of industries such as textiles, filtration, construction materials, paints and coatings and more.

Papers

We create papers that facilitate education and communication. As one of the world's largest manufacturers of uncoated freesheet, we produce a variety of papers for business and home use. Customers rely on our signature brands including Accent[®] Opaque, Ballet[®], by George[®], Chamex[®], Hammermill[®], POL[™], PRO-DESIGN[®], REY[®] and SvetoCopy[®] for a wide range of printing and converting applications.

Inspired Performance

We create long-term value for all stakeholders. We focus on generating strong free cash flow, creating value with returns greater than our cost of capital, returning cash to shareowners, maintaining a strong balance sheet and making investments for future growth. In 2018, we continued to establish advantaged positions in attractive market segments with safe, efficient manufacturing operations near sustainable fiber sources.

In 2018, International Paper employed more than **52,000 people** at nearly **300 locations**. Net sales were **\$23 billion** and shipments were **275 million tons**.



25,000
customers

in 150 countries



9th consecutive
year

of greater than
cost-of-capital returns



7th consecutive year

of dividend increase



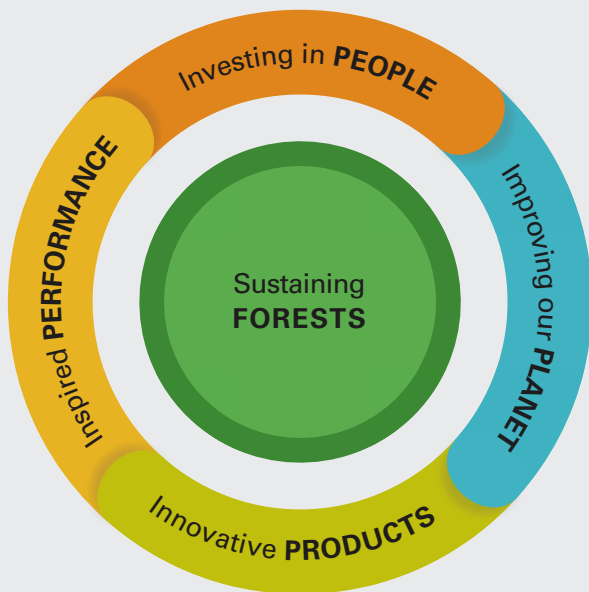
Every
International Paper
job supports
3.25 jobs

in supplier industries and local communities

For full financial information, reference our 2018 Annual Performance Summary at [InternationalPaper.com/reports](https://www.internationalpaper.com/reports).

OUR SUSTAINABILITY STRATEGY

As one of the world's largest packaging, pulp and paper companies, we acknowledge our impacts and dependencies on natural and human capital, and our responsibility to promote the health of people and our planet. Our commitment to sustainability is foundational to our vision, mission and core values. Our strategic framework, The IP Way Forward, guides how we view sustainability in our business and across our value chain. We deliver sustainable solutions for our customers by transforming renewable resources into recyclable products people depend on every day.



THE IP WAY FORWARD

THE IP WAY FORWARD

Our strategic framework for pursuing our vision and creating value for all stakeholders for generations to come.

SUSTAINING FORESTS

Our entire business depends upon the sustainability of forests. We will continue to lead the world in responsible forest stewardship to ensure healthy and productive forest ecosystems for generations to come.

INVESTING IN PEOPLE

We make sustainable investments to protect and improve the lives of our employees and mobilize our people, products and resources to address critical needs in the communities where our employees live and work.

IMPROVING OUR PLANET

We tackle the toughest issues in our value chain, improve our environmental footprint and promote the long-term sustainability of natural capital.

CREATING INNOVATIVE PRODUCTS

We create innovative, sustainable and recyclable products that help our customers achieve their objectives.

DELIVERING INSPIRED PERFORMANCE

We deliver long-term value for all stakeholders by establishing advantaged positions in attractive market segments with safe, efficient manufacturing operations near sustainable fiber sources.

Our industry plays a critical role in supporting employment and business opportunities while promoting the long-term sustainability of natural resources. We believe sustainable management, conservation and restoration of forestland is vital to the long-term prosperity of our company, our communities and our planet. Advancements in technology and emerging consumer trends continue to impact how people view and value forests around the globe. From rising demand for ecommerce packaging to innovative uses for wood fiber, our industry is evolving faster than ever before. These changes present both challenges and opportunities for International Paper.

ALIGNMENT WITH UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS

In 2018, we observed how global initiatives, such as the United Nations' Sustainable Development Goals (UN SDGs), accelerate cross-sector action on sustainability. We are committed to taking actions to benefit society, the planet and our company, which is why we have mapped our global citizenship strategy to nine of the UN SDGs that have particular relevance given the nature, scale and reach of our company. We demonstrated our alignment with several SDGs with activities throughout our value chain, partnerships and community engagement initiatives.



By identifying global trends material to our business, we focus our sustainability strategy on the issues where we have the greatest impact. We assess associated risks and opportunities and adjust our tactics when necessary as part of our deliberate improvement efforts. Our bi-annual materiality assessment engages directly with internal and external stakeholders to help inform and prioritize the focus of our strategy. For more on the results of our 2018 materiality assessment, see page 24, and for more details on our stakeholder engagement methods, see page 24.

Sustainability Focus Areas



Natural Resource Impacts and Dependencies

Our business depends upon the responsible management of the forests and watersheds from which we source our wood fiber. We actively engage with stakeholders in the communities where we operate to address concerns around forest ecosystem health and water-related issues. We also work directly with landowners to promote responsible forestry practices. To further preserve natural resources and reduce environmental impacts we actively recover material at the end of use and incorporate it into our material stream for manufacturing new products.

Because we recognize that deforestation and conversion can negatively affect forest ecosystems, we only procure wood from sources that adhere to the requirements in our [Global Responsible Fiber Procurement Policy](#) and will not knowingly accept fiber from controversial sources, forests harvested for conversion to non-forest use, or forests where high conservation values are threatened by management activities.

We collaborate with organizations like the National Fish and Wildlife Foundation to restore and enhance southern U.S. forestland, strengthen important fish and wildlife populations, protect watersheds and support working forests. We also participate in the WWF's Global Forest & Trade Network, which focuses on eliminating illegal logging and promoting environmentally and socially responsible forest management.



Climate Change

Climate change impacts our business both directly and indirectly through impacts to natural resources and through changing stakeholder expectations and policy requirements. International Paper plays a significant role in responding and helping to mitigate the potential climate change impacts from human activities. Our [Climate Change Statement](#) provides more insight into our commitment to improving our planet, reducing our environmental footprint and promoting the long-term sustainability of natural capital.

Our products are made out of renewable fiber from responsibly managed forests and at their end-of-use can be recycled and turned back into products that people depend on every day. Our primary actions in response to climate change are to reduce greenhouse gas (GHG) emissions in our operations through improvements in energy efficiency and maximizing the use of renewable energy, such as carbon neutral biomass residuals, versus fossil fuels. Throughout our value chain we work to reduce GHG emissions by practicing and promoting responsible forest stewardship, engaging across our supply chain, improving our manufacturing footprint and creating strategic partnerships.

Our efforts to advance sustainable forest management and restore forest landscapes are important levers for mitigating climate change through carbon storage in forests. We also produce renewable and recyclable products that enable our customers to reduce their carbon footprint, meet their sustainability goals and promote a low-carbon economy.



Increased Transparency and Public Awareness

Our commitment to The IP Way — doing the right things, in the right ways, for the right reasons, all of the time — influences how we set our strategy and communicate to key stakeholders. We promote transparency by disclosing company and sustainability performance information regularly, engaging with a wide range of internal and external stakeholders and reporting progress toward our [Vision 2020 goals](#).

Consumer expectations for sustainably sourced and manufactured products have increased the need for transparency throughout our entire value chain. We address these concerns by purchasing fiber from responsible sources, monitoring risk for all raw materials and engaging in dialogue regarding our sustainability practices with our key stakeholders.



Business and Human Rights

International Paper promotes human rights through our actions and values. We do not tolerate child or forced labor, physical punishment or abuse. We recognize lawful employee rights of freedom of association and collective bargaining. Our commitment to human rights is embodied in The IP Way, our [Code of Conduct](#), our company policies and our actions around the world every day.

With more than 100,000 suppliers worldwide, we endeavor to strengthen our supply chain through monitoring, surveying and auditing. We expect our suppliers to adhere to the requirements in our [Supplier Code of Conduct](#).

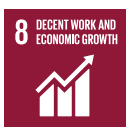


Critical Community Needs

Our sustainability strategy includes being a good neighbor and mobilizing our people, products and resources to address critical needs in the communities where our employees live and work. Our global community engagement efforts focus on four key areas:

- Education
- Hunger
- Health and Wellness
- Disaster Relief

In 2018, International Paper invested more than \$21 million to address critical community needs across the world. International Paper and the Employee Relief Fund provided more than \$1.7 million to more than 1,200 employees affected by hurricanes, fires and other natural disasters.



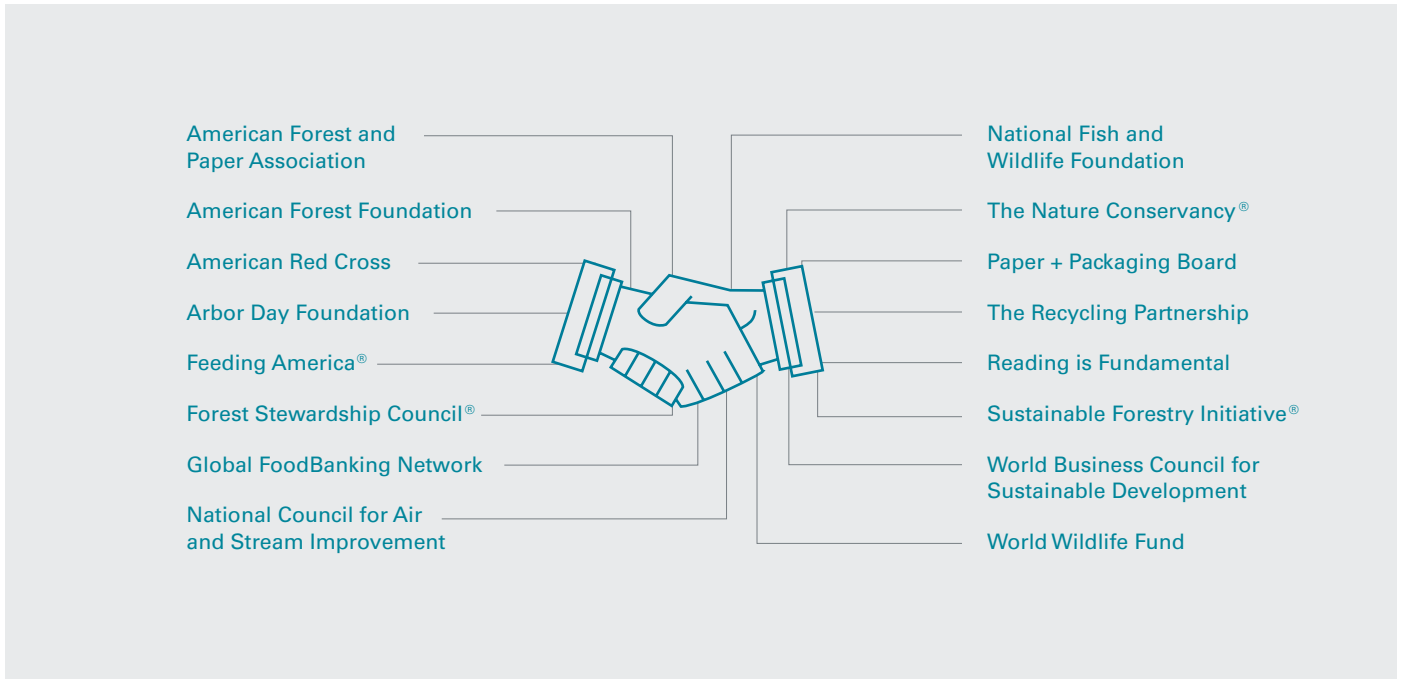
Workplace Safety

Our most important measure of success is ensuring all employees, contractors and visitors arrive home safely every day. Since 2010, we have reduced serious injuries by 35 percent by building an active safety culture. Despite this meaningful progress, we experienced an increase in serious injuries in 2018 and, tragically, three contractors were fatally injured while performing work in our facilities.

We continue to work with employees, suppliers and contractors to create layers of protection to ensure everyone returns home safely every day. We believe an injury-free workplace is possible. We know we still have a long way to go to achieve this ultimate goal, but we are working on the right things, and we are committed to keeping each other safe.

Strategic Partnerships

International Paper recognizes the importance of strategic collaboration to make meaningful progress across our value chain. Engaging with third-party organizations accelerates progress toward sustainable development throughout our global operations. Some of the groups we work with include:



For a complete listing of our External Initiatives and Membership of Associations, see page 90.

Materiality Assessment

Sustainability at International Paper goes beyond forests and encompasses our entire value chain — from fiber procurement, operations and products to our communities, employees and suppliers. Through internal and external analysis, we identify a broad range of relevant issues and work to focus our sustainability strategy. Determining materiality includes consideration of economic, environmental, social and governance matters that affect our ability to create value for stakeholders, now and in the future.

We conduct a formal materiality survey every two years seeking input from each of the stakeholder groups to fine-tune or course-correct our global citizenship strategy and disclosure efforts¹. The results of the survey help guide us in our strategic decision-making, stakeholder engagement agenda and reporting framework. By engaging internal and external stakeholders on their view of the relative importance of our company’s impact, programs and performance in key areas, we can optimize our sustainability strategy and further work to reduce our impact. We carefully review all results and focus efforts on the issues with the highest priority for stakeholders and the biggest estimated impact on the company.

¹ Consistency in survey results over the past several years compelled us to move to biennial surveys.

In 2018, we completed a formal survey of our stakeholders on the importance of 42 separate issues and the impact of and on International Paper. The issues were selected by focusing on the key areas of our sustainability strategy as well as key impacts within our Strategic Drivers.

All stakeholder groups, which include communities, customers, employees, government, non-governmental organizations, shareholders and suppliers, were represented in our 2018 survey. More on our stakeholder engagement can be found on page 24.

The materiality matrix below demonstrates the top quadrant of the 2018 survey results as they were ranked by our internal and external stakeholders for relative importance to our business.

MATERIALITY MATRIX

External Stakeholder Importance vs Internal Stakeholder Importance



Almost all of the 42 issues surveyed were ranked as “very important” by both internal and external stakeholders, with only two issues considered as “average importance.” Workforce and human rights issues such as worker health and safety, business ethics and public safety increased in importance and were seen as top issues within both internal and external stakeholders. Environmental and social issues like greenhouse gas emissions, fiber recovery, land use rights and responsible sourcing practices also increased in importance significantly, while issues around responsible forest management and watershed stewardship remained of high importance. Other related issues such as climate change, transparency and disclosure, compensation and employee training and development fell below other top issues, but were still ranked as very important.

We will continue to refine this process and engage stakeholders on a regular basis to ensure we are addressing emerging trends and new priorities. We plan to conduct our next materiality assessment in 2020.

Material Issues

We mapped the priority issues represented above to our sustainability strategy which helps us identify and address key impacts where they occur.

NATURAL RESOURCE IMPACTS AND DEPENDENCIES			
Sustainable Forestry	Fiber Sourcing & Certification	Forest Ecosystem	Watershed Stewardship
Water Management	Deforestation	Recovered Fiber & Fiber Efficiency	Waste Management
Chemical Use			

CLIMATE CHANGE			
GHG Emissions	Air Emissions	Climate Change	Renewable Energy
Energy Consumptions	Product Material Innovation		

INCREASED TRANSPARENCY AND PUBLIC AWARENESS			
Responsible Sourcing Practices	Transparency & Disclosure	Responsible Marketing	Product Safety
Government Relations & Public Policy Advocacy	Cyber Security		

BUSINESS AND HUMAN RIGHTS			
Business Ethics, Bribery & Corruption	Human Rights	Financial Performance	Diversity & Equal Opportunity
Labor Relations	Employee Engagement	Indirect Economic Value	Compensation
Talent Attraction & Retention			

CRITICAL COMMUNITY NEEDS			
Community Engagement	Charitable Donations	Employee Volunteerism	Land Use Rights

WORKPLACE SAFETY			
Worker Health & Safety	Public Safety	Training & Development	

STRATEGIC PARTNERSHIPS			
Stakeholder Engagement	Product End of Use	New Product Innovation	Stakeholder Responsiveness
Supplier Diversity			

GOVERNANCE

We believe in sound corporate governance. Global citizenship is promoted by our board of directors, chief executive officer and senior lead teams. We incorporate environmental, social and governance considerations into our everyday processes to ensure that we adequately address risks, operate sustainably and responsibly, and create long-term value.

The International Paper board of directors upholds the company mission and ensures effective organizational planning, focusing on strategy and risk management while monitoring strategic initiatives. The board has adopted [corporate governance guidelines](#), which state that effective corporate governance requires the board to exercise oversight of the company's strategic, operational, financial, compliance and legal risks.

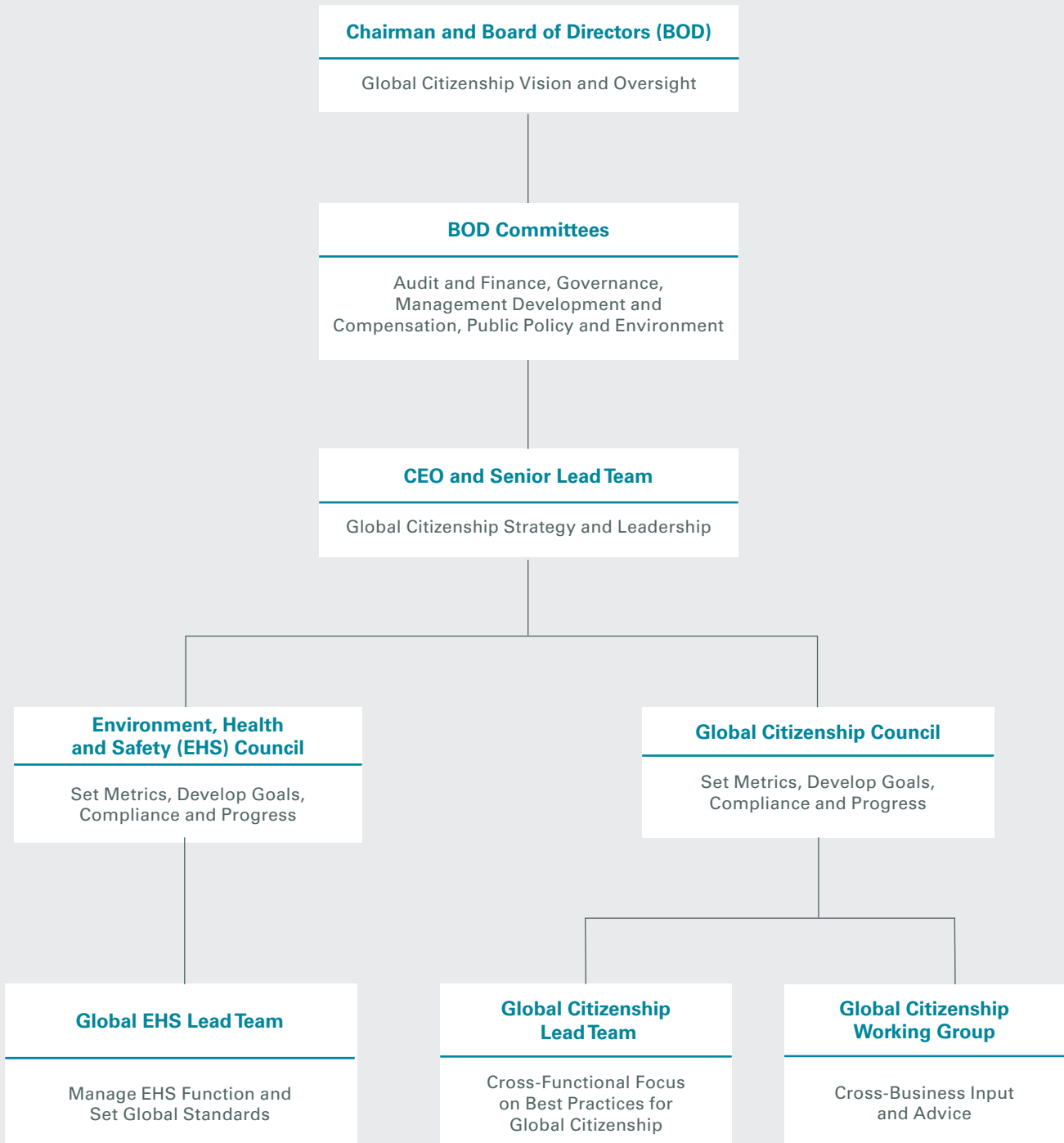
The Public Policy and Environment Committee of the board of directors has overall responsibility for global citizenship at International Paper. It reviews public policy, legal, health and safety, technology, environment and sustainability issues. The company's Governance Committee also has oversight of certain public policy and sustainability matters. Internal performance evaluations of the full board and its committees are conducted annually.

The senior vice president of human resources and global citizenship chairs the global citizenship council, which guides the company's sustainability and community engagement strategies and monitors progress. The global citizenship department, led by the vice president, global citizenship, has primary responsibility for executing strategy as well as overseeing communications and corporate marketing.

Our sustainability function, human resources and sourcing departments handle the operational management of sustainability in their given areas. This work is steered by the global citizenship working group, a cross-functional team with members from each of our businesses as well as representatives from marketing, communications, sales operations and other staff functions. Meeting every six to eight weeks, the global citizenship working group collaborates to drive global citizenship initiatives throughout the company, share best practices and provide insights to the global citizenship council.

Designated staff at the corporate, business and facility levels help identify, prioritize and manage global citizenship-related risks and opportunities. Key units such as fiber supply, logistics and sourcing have sustainability experts to support their operations. Business leaders are responsible for planning and managing business-specific global citizenship priorities. We apply a risk-based approach to help prevent negative outcomes.

GLOBAL CITIZENSHIP GOVERNANCE AT INTERNATIONAL PAPER



STAKEHOLDER ENGAGEMENT

Listening, Learning, Responding

We employ a variety of stakeholder engagement methods to help us understand how well we are fulfilling our responsibility as a valuable partner for customers and suppliers, good employer for our employees, sound investment for shareholders and good neighbor for the communities where we live and work.

Conducting wide-ranging dialogue allows us to work with these groups to define or improve standards and voluntary commitments. It also supports mutual learning, develops an appreciation of the significance and complexity of the issues and helps to identify potential solutions. Because of such dialogue, we can work constructively and communicate openly to address any concerns, articulate our position on key issues and explain the inherent value of fiber-based products.

Our global stakeholder network ranges from people we engage with regularly through our operations to those in public positions who influence our activities. Our stakeholders include communities, customers, employees, governments, non-governmental organizations, shareholders and suppliers. For other stakeholders our engagement is more specific and generally involves direct, issue-related communication.

MARK SUTTON LAUNCHES #EMBRACINGSUSTAINABILITY CHALLENGE

Chairman and CEO Mark Sutton serves as chair of the Business Roundtable Energy and Environment Committee and kicked off *#EmbracingSustainability* on Twitter. He challenged other top business leaders to share how they are deploying sustainable business strategies for the long-term benefit of their companies, employees, the environment and the communities in which they operate.

The Business Roundtable is an association of chief executive officers of America's leading companies working to promote a thriving U.S. economy and expanded opportunity for all Americans through sound public policy.



Engagement Method by Stakeholder

COMMUNITIES

IMPORTANCE

- Our company succeeds when our communities succeed
- Maintaining strong relationships with our communities gives us social license to operate
- Our business is a key component of the economic success of our local communities
- Our communities each face unique challenges

HOW WE ENGAGE	KEY TOPICS
<ul style="list-style-type: none"> • Economic and charitable relationships • Employee-led fundraising • Plant tours • Community Advisory Councils • Volunteerism • Media • Product Donations 	<ul style="list-style-type: none"> • Air emissions • Economic impact • Community engagement • Sustainable jobs • Water use and water quality

OUR RESPONSE

- Mobilizing our people, products and resources to address critical needs in the communities where our employees live and work (more details on page 69).
- Ensuring that our Community Advisory Councils meet regularly and maintain open dialogue about community concerns and opportunities for collaboration and improvement
- Proactively engaging with community stakeholders to address water-related issues within the watershed
- Reducing our air emissions by implementing efficient manufacturing technologies, investing in energy efficiency improvements, fuel switching and operating our mills with nearly 75 percent renewable biomass residuals energy rather than fossil fuels

CUSTOMERS

IMPORTANCE

- Without our customers, we would not exist
- Customer expectations and needs influence our product and service innovation
- Changing technology and consumer demands present an opportunity for renewable, recyclable products to provide sustainable solutions

HOW WE ENGAGE	KEY TOPICS
<ul style="list-style-type: none"> • Sales relationships • Regular site visits • Meetings • Surveys • Special events • Online communications • Onsite/forestry tours 	<ul style="list-style-type: none"> • Air + GHG emissions • Certified fiber content • Climate change • Life cycle impact • Operational efficiency • Recovered fiber content • Waste reduction

OUR RESPONSE

- Creating useful, sustainable and recyclable products that help customers achieve their objectives
- Working with customers to meet sustainability objectives through technology and innovation collaborations
- Having our subject-matter experts meet regularly to discuss product and service innovation
- Measuring progress against our targets related to efficiency and energy consumption, greenhouse gas emissions, water stewardship, fiber loss, waste and workplace safety
- Establishing goals to purchase and use more third-party certified wood fiber and increase the recovery of corrugated packaging and paper, to improve our watersheds and to grow our community involvement
- Ensuring that our Vision 2020 Goals affect all areas of our value chain
- Mapping our alignment and progress against UN SDGs
- Actively engage and respond to surveys and questionnaires regarding our environmental impacts and GHG emissions

EMPLOYEES

IMPORTANCE

- International Paper is the most successful and competitive when our employees are safe, engaged and appreciated
- Engaged employees drive significant and sustainable outcomes, and good leaders inspire colleagues to drive team success
- Employee well-being and capabilities influence our operational performance and value creation

HOW WE ENGAGE	KEY TOPICS
<ul style="list-style-type: none"> • Safety programs • Safety Leadership Training • Diversity and functional forums • Employee training • Intranet sites • Presentations • Engagement surveys • Company-wide communications • Global webcasts • Team meetings 	<ul style="list-style-type: none"> • Diversity and inclusion • Employee development • Employee engagement • Safety

OUR RESPONSE

- Looking out for our people each day to ensure everyone returns home safely (more details on page 58).
- Achieving injury-free operations by providing safe work conditions, promoting accountability and responsibility and using a number of safety indicators to ensure safe work actions
- Executing our LIFE (Life-Changing Injury and Fatality Elimination) initiative
- Striving for a collaborative workplace that engages all employees
- Providing the tools and opportunities for employees to develop and succeed
- Measuring employee engagement with a formal third-party survey every two years, and creating team improvement plans based on employee feedback (more details on page 76).
- Conducting diversity and inclusion training and hosting inclusion forums, mentoring boards and team-level courses (more details on page 81).

GOVERNMENT

IMPORTANCE

- Public policy and regulations created at national, regional and local levels impact our business, forests and communities

HOW WE ENGAGE	KEY TOPICS
<ul style="list-style-type: none"> • Legislative meetings • Formal hearings • One-on-one meetings • Trade associations meetings • Policy-based organizations collaboration 	<ul style="list-style-type: none"> • Compensation • Ethics • Health and safety • Paper recycling and recovery • Taxes and environmental policy • Transportation • Trade and export

OUR RESPONSE

- Advocating at all levels of government, including policymakers and legislators, to inform and influence legislative and regulatory issues (more details on page 92).
- Committing to meet or exceed legal requirements to uphold our high ethical standards and to do the right things, in the right ways, for the right reasons — all of the time
- Educating policy makers on our commitment to sustainable forestry, third-party fiber certification, reduced emissions, responsible resource management and efficient use of renewable biomass and recycling

NON-GOVERNMENTAL ORGANIZATIONS

IMPORTANCE

- Non-Governmental Organizations (NGOs) update us on social and environmental impact issues so that we can work continuously to improve our performance
- They encourage us to increase transparency and communication of our sustainability performance
- NGOs provide opportunities for us to align our global citizenship strategy with other interested organizations
- NGOs serve as a powerful partner to help accelerate positive sustainability outcomes

HOW WE ENGAGE	KEY TOPICS
<ul style="list-style-type: none"> • External communications • InternationalPaper.com • Corporate email forms • Participation in conferences and forums • Public-private partnerships and engagement on select topics • Strategic partnerships and consultation on material issues 	<ul style="list-style-type: none"> • Air + GHG Emissions • Climate change • Disaster relief • Education • Health and wellness • Hunger (food insecurity) • Recycling • Sustainable forestry • Water stewardship

OUR RESPONSE

- Incorporating feedback in developing internal environmental and social programs
- Working continuously to reduce our global manufacturing emissions including greenhouse gas, sulfur dioxide, nitrogen oxides and particulate matter, in order to improve our impact on the planet
- Establishing strategic partnerships to help us identify areas where we can make the greatest impact in sustainability

SHAREHOLDERS

IMPORTANCE

- Our investors provide financial, institutional and various other types of support that enable International Paper to continue to thrive as a global business
- Accountability to investors requires us to monitor both financial and non-financial performance and issues material to our business
- Communicating performance to investors strengthens our reputation

HOW WE ENGAGE	KEY TOPICS
<ul style="list-style-type: none"> • Annual Shareholders Meeting • Quarterly earnings conference calls • Regular calls and in-person meetings • Analyst-sponsored conferences • InternationalPaper.com • SEC filings Non-deal roadshows 	<ul style="list-style-type: none"> • Business strategies • Financial returns • Financial stewardship • Risk mitigation

OUR RESPONSE

- Ensuring we are doing our part to address environmental and social issues material to our business while continuing to drive meaningful business results by setting goals and targets, and monitoring the changing landscapes

SUPPLIERS

IMPORTANCE

- We view suppliers as an extension of our company and their responsibility and performance as a reflection of our own
- Poor supplier performance limits our own capabilities for value creation and is a significant risk
- We take a partnership approach to maintaining transparency with suppliers to promote responsible best practices throughout our global supply chains

HOW WE ENGAGE

- Supplier relationships
- Audits
- Onsite visits
- Strategic meetings and partnerships
- Requests for information
- Supplier scorecards

KEY TOPICS

- Environmental impact
- Governance practices
- Labor rights
- Supplier assessments

OUR RESPONSE

- Our [Supplier Code of Conduct](#) outlines our expectations for workplace standards and business practices of our suppliers and others who are within their supply chains (more details on page 41).

SUSTAINABILITY THROUGHOUT OUR VALUE CHAIN

Our approach to sustainability considers our entire value chain, from sourcing raw materials responsibly and working safely, to making renewable, recyclable products and providing a market for recovered products. We mapped the priority issues to our value chain, which helps us identify and address key impacts where they occur.



SUSTAINING FORESTS

A source of livelihood for millions, forests store carbon, purify drinking water and provide habitat for wildlife. They also enable us to make products people depend on every day. At International Paper, our entire business depends upon the sustainability of forests. We will continue to lead the world in responsible forest stewardship to promote healthy ecosystems for generations to come.

Responsible Forest Stewardship

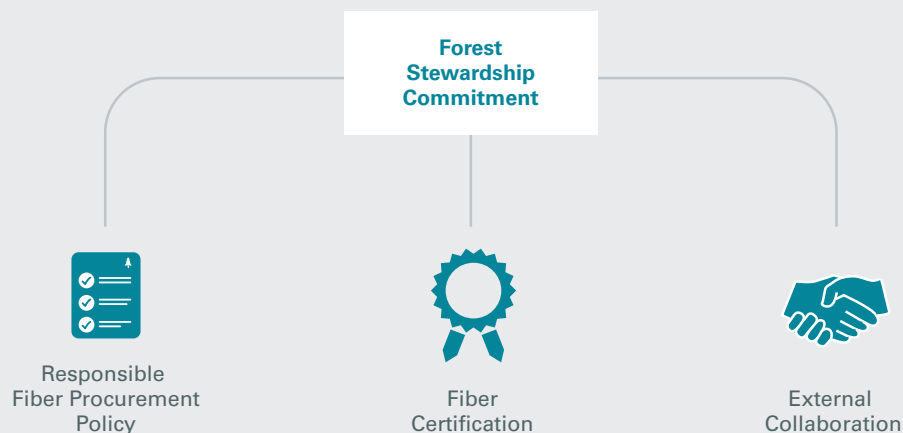
We are taking action to ensure a sustainable future for our forests. We work with landowners to advance responsible forest management practices and increase the availability of certified fiber. We also work with conservation organizations to support healthy forest ecosystems, enhance ecologically important areas, and conserve and restore forests worldwide. Most importantly, our fiber sourcing policies and practices support our commitment to protecting forests.

We source fiber from responsibly managed forests to protect them for current and future generations. We do not knowingly accept fiber from illegally logged forests or from forests where management practices threaten high conservation values. We work to prevent illegally harvested wood products from entering global marketplaces by supporting the U.S. Lacey Act and the European Union Timber Regulation. These laws help address illegal logging and prohibit trafficking of illegally harvested products — while protecting the competitiveness of legally harvested trees.



INNOVATING FOR THE FUTURE OF FORESTS

Our fiber sourcing team developed a new mobile app called Forest View™ that uses geographic information system (GIS) mapping technology and recommends due diligence procedures to ensure the fiber we procure doesn't compromise the environment of the forests from which we source.



Fiber Certification

International Paper uses credible third-party certification to verify responsible forest management. Our practice of sourcing fiber from well-managed forests promotes the long-term health and productivity of forests.

We follow a [Fiber Certification Policy](#) that accepts globally recognized forest management standards. These include the Forest Stewardship Council® (FSC®), the Programme for the Endorsement of Forest Certification (PEFC) and standards recognized by PEFC including the American Tree Farm System® (ATFS) and Sustainable Forestry Initiative® (SFI) in the United States and the Brazilian National Forest Certification Program, Certificação Florestal (CERFLOR), in Brazil.

Globally, we own approximately 329,000 acres of forestland in Brazil and have, through licenses and forest management agreements, harvesting rights on government-owned forestland in Russia. All the forestland we own in Brazil is certified under CERFLOR and FSC standards. Our forestland leased in Russia is also certified according to international forest management standards. Additionally, all our mills globally are certified to one or more third-party chain of custody standards.

For more information on our current fiber certifications and our Global Fiber Procurement Policy please visit internationalpaper.com/planet/policies-certifications.



2018 FIBER CERTIFICATION PROGRESS *

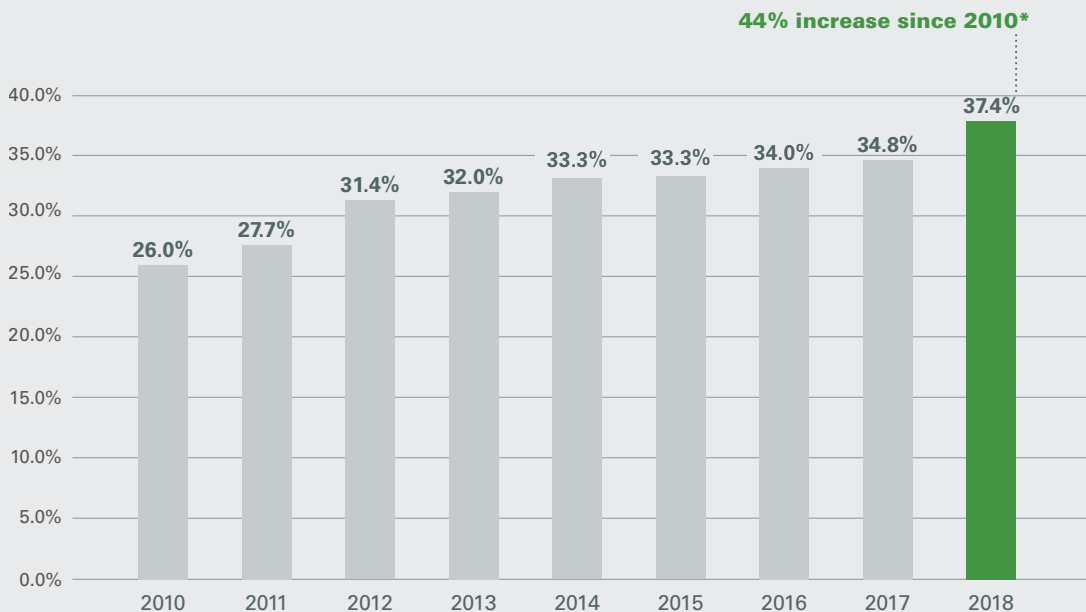
44% increase in certified fiber volume over 2010 baseline

Vision 2020 Goal: Increase third-party certified fiber by 35%

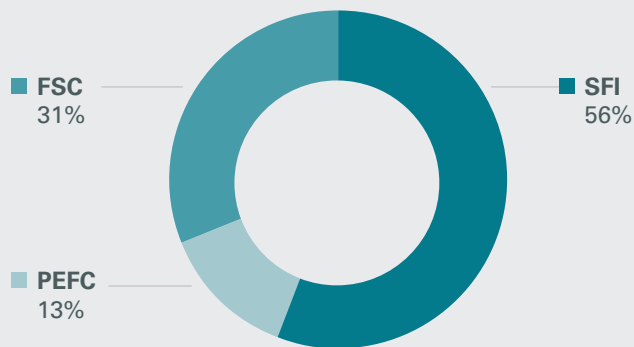
*Progress refers to growth in proportion of certified fiber from 2010 baseline

CERTIFIED FIBER PROPORTION

Percentage of certified fiber purchased



TONS OF CERTIFIED FIBER BY CERTIFICATION IN 2018



25 million

tons of certified fiber
in 2018



INTERNATIONAL PAPER'S CERTIFIED FOREST MANAGEMENT GROUP PROMOTES SUSTAINABLE FORESTRY PRACTICES

Our practice of sourcing fiber from sustainably managed forests promotes healthy and productive forests for future generations. Certification contributes to consumer confidence that the products they purchase support environmentally, socially and economically sound practices — from the tree seedling through the product manufacturing and delivery processes.

In the United States, a significant portion of small private forest landowners are often reluctant to take on the additional costs or administrative burden associated with certification, so we made it easier for them. In July 2012, we formed our own FSC forest management group — Certified Forest Management LLC (CFM). CFM is managed by International Paper's fiber supply team and provides landowners a cost-effective option to become FSC-certified.

Since 2012, International Paper has enrolled thousands of acres of privately owned timberlands into CFM. At the end of 2018, the group included 230 private landowners from 11 states encompassing approximately 575,000 acres. This program is one of the reasons we have achieved a 44 percent increase in certified fiber volume since 2010.

CFM was recognized with an FSC Leadership Award for forest certification commitment and program innovation in 2016 and with an American Forest and Paper Association Better Practices, Better Planet 2020 Sustainability Award in 2017.

We continue to make substantial investments to help forest landowners become certified to FSC standards through CFM.

External Collaborations

International Paper teams up with others, from small family farmers to big global environmental organizations, to sustain forests through:

- Management
- Conservation
- Restoration

Management

We find and use the best practices for working forests. For example, International Paper helped launch the Carolinas Working Forest Conservation Collaborative along with American Forest Foundation, The Procter & Gamble Company and 3M Company.

We joined this collaboration to engage directly with family woodland owners in the U.S. Coastal Carolinas Plain to support sustainable forestry, conservation of bottomland hardwood forests and the enhancement of habitat for at-risk species.

Through the Collaborative, we intend to accomplish the following objectives:

- Increase awareness and understanding of the importance of sustainable forestry and active management among 30,000 woodland owners who collectively own 2.4 million acres of forestland in the Coastal Carolinas Plain region
- Work with at least 450 landowners across 36,500 acres in the project counties to connect them with technical assistance and resources to get them started in sustainable forest management
- Engage at least 160 woodland owners within the project area to enhance, restore or expand bottomland hardwood forests and quality habitat for at-risk species on at least 13,000 acres
- Certify at least 120 landowners in a recognized forest certification standard



We are collaborating with The Nature Conservancy on Natural Climate Solutions, the conservation, restoration and improved forest management techniques that increase carbon storage and reduce greenhouse gas emissions in managed forest landscapes. Our collaboration is supporting their Reduced-Impact Logging for Carbon (RIL-C) initiative in Gabon and Indonesia, where they are developing a set of scientific practices that balance the economic needs of forest-based communities with environmental goals. RIL-C can reduce up to 50% of CO₂ emissions in a commercial forest operation.



Conservation

We're working to ensure forestland stays forested. Our conservation program with National Fish and Wildlife Foundation (NFWF), known as Forestland Stewards, is one of the most effective U.S.-based public-private forest conservation collaborations. By combining financial and technical resources, we are able to restore native forests, strengthen important fish and wildlife populations and protect watersheds — while promoting and supporting working forests.

Since 2013, NFWF and International Paper have invested more than \$15 million in projects through the Forestland Stewards partnership, leveraging more than \$36 million in matching funds for a total conservation investment of more than \$51 million.

Projects funded through the partnership have helped to restore, conserve and enhance many of the habitats across the Southeast, including longleaf and shortleaf pine forests, bottomland hardwood forests and woodlands bordering streams and rivers.

Including the 2018 grants, Forestland Stewards will have established, enhanced and protected more than 400,000 acres of native forest and wildlife habitat. To date, the program has engaged nearly 15,000 private landowners through outreach and technical assistance to implement forest stewardship practices.

Restoration

International Paper wouldn't exist without thriving forests, so we're working daily to restore the health of forests in priority regions, such as the Mogi Guaçu river basin in the Atlantic Forest of Brazil.

In 2018, we teamed up with World Wildlife Fund to advance forest restoration in Brazil as part of our work to create science-based targets for forests. International Paper is helping to advance the development of forest positive opportunities through the restoration activities in the 5,584 square mile Mogi Guaçu River basin.

The Atlantic Forest (spanning Brazil, Paraguay and Argentina) is within one of the [11 deforestation fronts identified by WWF](#), the areas where most deforestation is expected by 2030 if new approaches to forest conservation are not adopted. It provides water for 60 percent of Brazil's population and is one of the most biologically diverse watersheds in the world.

The on-the-ground work that our collaboration with WWF is making possible in the Mogi Guaçu watershed is inspiring our employees in the region and engaging key stakeholders in the watershed.



The Future Leaders in Forest-Based Bioeconomy training program educated more than 30 participants from government, the private sector and environmental NGOs on new global approaches to sustainable forest management, forest economics and the opportunities and challenges of doing business in the forestry sector in Russia.

Developed jointly with the European Forest Institute and the Russian Ministry of Industry, the weeklong program was held in October in Moscow and included classroom curriculum and a visit to one of International Paper's key customers in Russia. The manufacturing site visit allowed participants to study the hands-on sustainability approach and interact with specialists.

The program focuses on three key dimensions: talent development, strategic leadership and sustainability.

SUSTAINABLE SUPPLY CHAIN

An efficient and responsible supply chain is key to obtaining quality raw materials and services that support our operations and ensure we meet our customers' needs. We establish and enforce guidelines to ensure our suppliers operate ethically and responsibly throughout our supply chain. We expect our business partners to share our values.

Responsible Sourcing Strategy

Our global sourcing organization plays a critical role in delivering on our vision and commitment to sustainability. Our sourcing teams are deeply engaged in efforts around supply chain transparency, supplier risk management and collaboration opportunities.

With an annual spend of approximately \$17 billion and more than 100,000 suppliers globally, we source a wide range of inputs. This includes wood fiber, recovered fiber, chemicals, fuel, electricity, manufactured parts and services, corporate services, as well as logistics services such as transportation. Approximately half of our suppliers are based in North America; we also source from Asia, Europe, Latin America, North Africa and Russia. The majority of our suppliers fall into one of three categories: manufacturers, contractors or distributors.

At International Paper, our global supply chain sustainability team creates and implements compliance and risk management strategies.

Throughout our global supply chain, we promote:

- Safe and healthy working conditions
- High ethical standards
- Protection of human rights and dignity
- Responsible use of natural resources
- Compliance with all applicable laws

We expect our business partners to share the values and principles outlined in our [Supplier Code of Conduct](#), which is our standard for safe and respectful workplace conduct and ethical business practices.

SUPPLIER CODE OF CONDUCT SUMMARY

Safety

- Establish standardized safety procedures
- Provide safe work environments
- Offer safety training
- Supply proper tools and personal protection equipment

Make each day a safe day

Environmental

- Comply with environmental laws
- Continuously reduce environmental footprint
- Manage natural resources responsibly
- Develop recycling and conservation practices
- Identify collaboration opportunities

Use resources wisely

Social

- Foster respect and dignity
- Value cultural differences
- Forbid discrimination or harassment
- Provide competitive wages and benefits
- Prohibit forced labor, illegal child labor and human trafficking
- Offer grievance processes without retaliation

Value people

Legal/Ethical

- Comply with laws, regulations and treaties
- Prohibit extortion, fraud, bribery or kickbacks
- Forbid gifts or entertainment to government officials
- Avoid actions or agreements that restrain trade
- Report any conflicts of interest

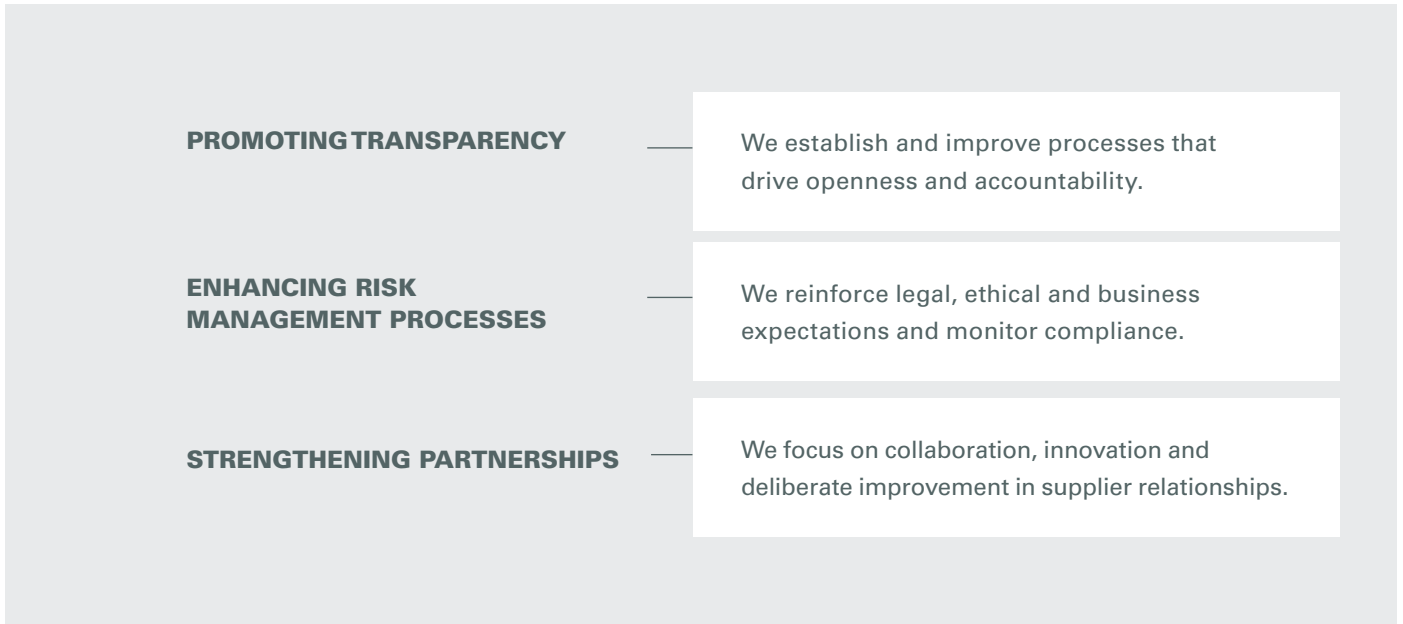
Act with integrity

Our Supplier Code of Conduct is part of our standard supplier contracts and included in purchase order terms and is essential to maintaining our business relationships. If a supplier fails to comply with the law or does not address contractual non-compliance in a timely manner, we reserve our contractual rights to terminate the relationship.

A supplier's compliance with the Supplier Code of Conduct — or with its own code of conduct, if it contains similar ethical principles — is an essential factor in our decision to enter into or extend an existing business relationship. We also require suppliers to promote the principles of our Supplier Code of Conduct to their own suppliers, contractors and laborers.

Sourcing Sustainably

Our supply chain sustainability strategy, based on our [Supplier Code of Conduct](#), is supported by three complementary drivers:



Our approach to supply chain sustainability is efficient and effective for our current needs in that it focuses first and foremost on supplier risk. We use a number of tools and processes to focus on the most critical commodities and suppliers, and to conduct appropriate due diligence and corrective actions accordingly.



2018 SUPPLY CHAIN PROGRESS

Continuous improvement in policies and procedures to manage a more responsible supplier base.

Vision 2020 Goal: Establish processes promoting transparency, managing risk by monitoring and identifying opportunities to collaborate with suppliers

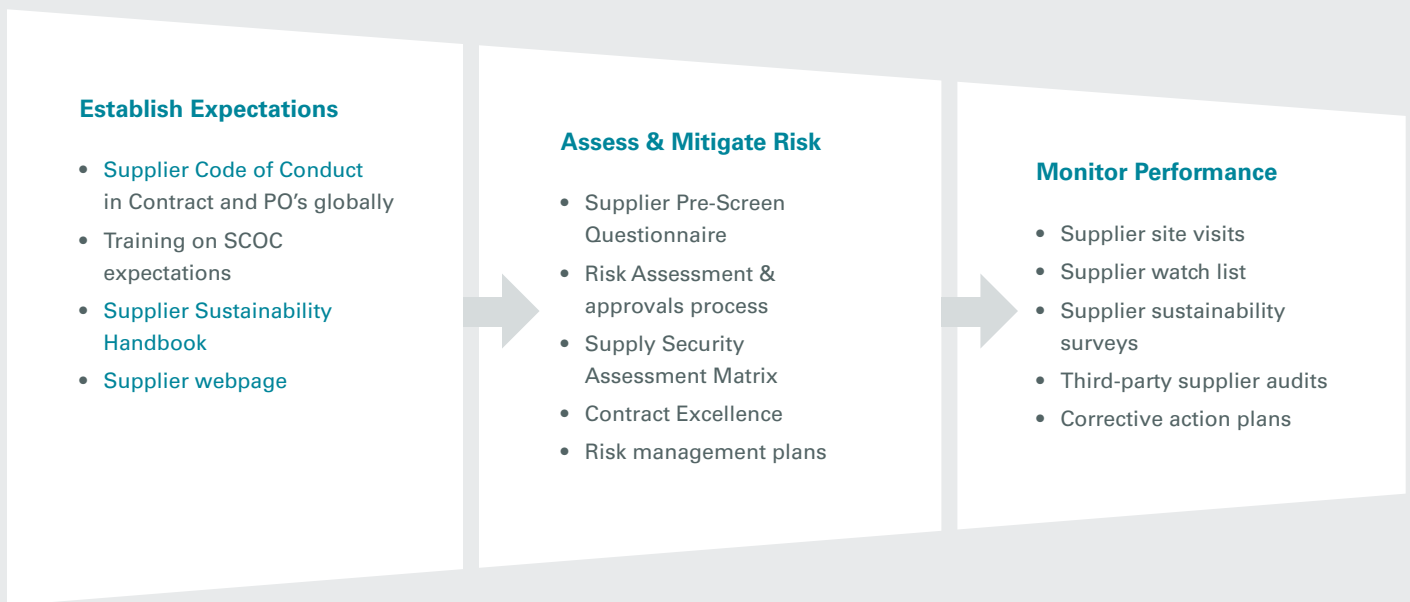
Risk Management Approach

With a complex, global supply chain, our sourcing operations face a number of potential supplier risks. These risks could include corruption and ethical violations, safety concerns, environmental irresponsibility, natural disasters, geopolitical challenges and labor/contractor hiring and wage practices. These human, economic and natural risks can be challenging for a company operating around the world, where legal codes, cultures, languages and business practices can vary.

We also face risks that are specific to our own business operations, such as risk in commercial and legal contract terms and concentration of supply into our sites. In order to manage the most business-critical risk areas, we consider a number of factors including but not limited to:

- Countries of operation
- Supplier ethical policies/practices
- Supplier safety record/rating
- Beneficial ownership data
- Supplier relationship with government officials
- Supply concentration/security into International Paper sites
- Supplier cyber security policies/practices
- Reputational issues including violations of laws and contract terms

The tiered process described below is designed to help our company identify, evaluate and mitigate risk across economic, social and environmental realms.



Establishing Expectations:

Risk management begins with our [Supplier Code of Conduct](#). Approximately 90 percent of our contracted spend is covered with written agreements containing a commitment to comply with our Supplier Code of Conduct or with their own code of conduct if it has substantially similar principles. The remainder of suppliers are under long-term contracts that pre-date our Supplier Code of Conduct. As those contracts expire, we continue to embed this requirement in new and renewed contracts and further increase our coverage.

Our requirement of suppliers to promote the principles of our Supplier Code of Conduct to their own suppliers, contractors and laborers, helps ensure responsible business practices throughout our supply chain. The Supplier Code of Conduct is available in 16 languages. All sourcing employees are required to complete a training module. Some global regions have provided direct training to our suppliers on the principles of our Supplier Code of Conduct.

Assessing, Monitoring and Mitigating Risk:

As part of International Paper's strategic sourcing process, our sourcing teams conduct a pre-contract risk assessment based on the principles of our [Supplier Code of Conduct](#) and other risk factors. The assessment provides transparency and highlights areas of potential social, environmental and financial risk.

After the initial pre-contract risk assessment and contracting with a supplier, we take a deeper look into their potential risks through the use of our risk assessment tool. We continue to assess suppliers for risk via a third-party survey platform. Dependent on the survey results, we may initiate a third-party on-site audit to take a closer look at the supplier. Both the survey and audit are a means to monitor our supply chain and verify compliance to our Supplier Code of Conduct. Our buyers use the feedback from these surveys and audits to help suppliers create action plans for continuous improvement.



From 2017 to 2018, **we increased the number of suppliers surveyed by more than 50 percent.**

Over half of the strategic suppliers we surveyed **improved their sustainability scores** from 2017 to 2018 based on scoring and feedback they received from International Paper.

In extreme cases, International Paper reserves the right to terminate a relationship with a supplier whose values, policies or practices are not aligned with our expectations.

Fiber Supply

In addition to the process described above, our Fiber Supply organization manages the purchasing of our most critical inputs: wood and recovered fiber. We are among the world's largest users of new and recovered fiber, and we seek suppliers who share our commitment to quality and responsibility. We adhere to a Responsible [Fiber Procurement Policy](#), which is our commitment to ensuring responsible stewardship of natural resources, and to a [Global Certification Policy](#) that defines our global criteria and the principles we follow for the certification of our lands, the wood and wood fiber purchasing systems for our facilities, forest management, fiber procurement and chain of custody standards. These processes ensure solid risk management for our most important resources. For more information on our current fiber certifications and sustainability policies please visit internationalpaper.com/planet/policies-certifications.

Transportation

SmartWay® certification, a U.S. Environmental Protection Agency (EPA) program, plays a key role in our transportation carrier performance management process and sourcing decisions. We work with more than 200 SmartWay carriers which account for more than 95 percent of our total ton-miles* in North America. International Paper is proud to be a registered SmartWay shipper.



Over the past five years, we have achieved a **40 percent reduction in CO₂/ton-mile*** emissions among SmartWay Carriers

**Transportation metric representing one ton of product transported one mile, compiled from outbound shipping data from major mills and warehouses.*

Our Strategic Carrier Council fosters strong alignment between International Paper and 10 strategic transportation carrier partners in the areas of industry trends, legislation, risk management, safety and sustainability. The council has been in place for four years, and it helps create shared value, increase transparency and position International Paper as a shipper of choice.

Supplier Social and Environmental Impact

We collaborate with suppliers to improve our supply chain's environmental and social impact. Through a strategic sourcing process, we work to diversify our supplier base. In supplier reviews, council meetings and other programs, we continue to drive the discussion with suppliers on sustainability and innovation. These collaborations help us to find ways to be more efficient and improve our environmental footprint. We recognize team and individual efforts to align sourcing practices with global citizenship goals.

U.S. Supplier Diversity Program

International Paper has a longstanding commitment to supplier diversity. We actively seek to include businesses owned by minorities, women, veterans and persons with disabilities, as well as the Small Business Administration's HUBZone (Historically Underutilized Business Zones) and 8(a) business development programs. Having a diverse supplier base allows us to contribute to the economic well-being of the communities in which we live and work — and provides value to our business and throughout our value chain.

Our suppliers are true partners who reflect our customers, employees and communities and bring value to the company by delivering creative, cost-effective solutions to our businesses. Meanwhile, working with suppliers enables us to fuel local business development, contribute to economic growth and create jobs that improve local communities. This helps us deliver world-class products and services that meet customer needs, solidifying our position in the marketplace as an innovative leader.



INTERNATIONAL PAPER SHOWCASES SUPPLIER DIVERSITY

At International Paper, supplier diversity extends well beyond our commitment of being a good corporate citizen. We understand that a diverse supplier base must be an integral part of our supply chain.

A recent Corporate Services Supplier Diversity Fair at International Paper Headquarters demonstrated our mission to promote the growth and development of minority and women-owned businesses by creating new job opportunities, expanding markets, generating capital and carrying out other relevant activities that are required to grow our purchases from diverse suppliers.

The supplier diversity fair welcomed suppliers from a variety of service areas including call centers, consulting, finance, information technology, LED lighting, office supplies and safety leadership.



"International Paper strives to support the communities we serve and welcomes diverse businesses to take part in our contracting and procurement opportunities. Our aim is to create an open environment for doing business with vendors and foster an environment that cultivates the inclusion of diverse businesses run by minorities, women, veterans and disabled persons."

—Debra Voss, manager, diverse business solutions, global sourcing, International Paper

Over the past five years, we have spent \$3.7 billion with diverse suppliers. In 2018, we continued our ongoing corporate membership with various U.S.-based diversity advocacy organizations and participated in outreach events to meet diversity firms and promote diversity in our supply chain. In 2019, we look forward to continuing our commitment to include diversity businesses. Our goal is to help diverse businesses improve their operations while enhancing their ability to develop and grow with us.

SUPPLIER DIVERSITY

Internationalpaper.com/company/suppliers



COMMUNITY

Supporting the communities in which we live and work



DIVERSITY

Reflecting the diversity of our employees, clients and communities



PARTNER

Partnering with diverse firms that can provide value to our business and throughout our supply chain



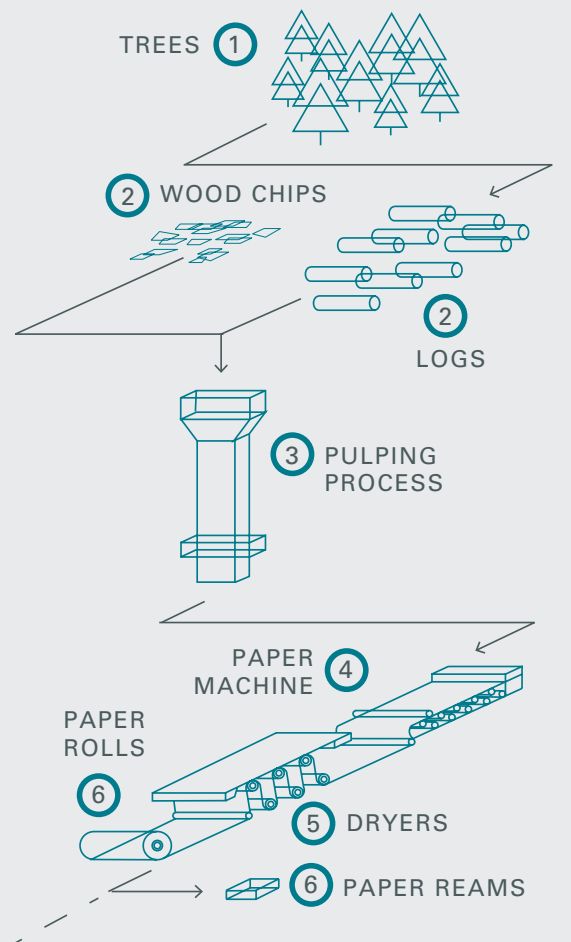
VALUES

Responding to the requirements of our customers who expect IP to share their values

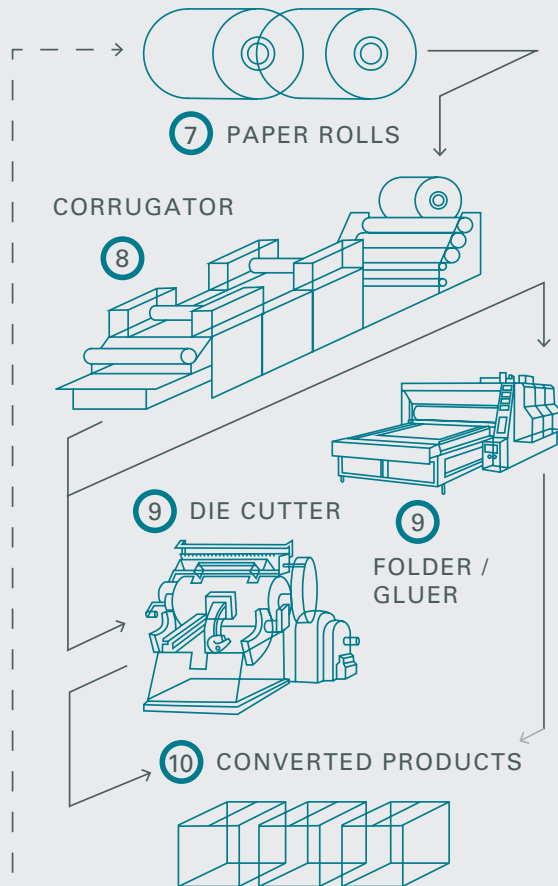
MANUFACTURING RESPONSIBLY

We recognize the impact of our manufacturing on the environment. We work to improve our environmental footprint by reducing our energy usage, greenhouse gas emissions, air emissions and waste generated, as well as by being responsible stewards of the water we use and return to the environment. Above all, we care about people and make sustainable investments to protect and improve the lives of our employees. We tackle the toughest issues in our value chain, improve our environmental footprint and promote the long-term sustainability of natural capital.

PAPER-MAKING PROCESS



CONVERTING PLANT PROCESS



Energy Efficiency

Our manufacturing processes require large amounts of energy; however, we meet most of these energy needs through the use of renewable biomass residuals. We seek to improve our energy performance, which reduces both air and GHG emissions and the amount of energy consumed. Our goal is to improve energy efficiency by 15 percent by 2020, over a 2010 baseline.

Energy consumption benchmarking is shared across our pulp and paper production facilities to identify gaps and focus resources. An internal energy audit team regularly reviews facilities' practices and equipment in order to identify projects that will improve energy efficiency. By anticipating and responding to changes in policy and regulation, our cross-functional Energy Council maximizes the effectiveness of capital deployment as it relates to energy.

Our purchased energy includes fuels such as natural gas, coal, fuel oil and tire-derived fuel, wood residuals such as bark and electricity and steam from utilities. However, the majority of our energy is derived from biomass residuals.



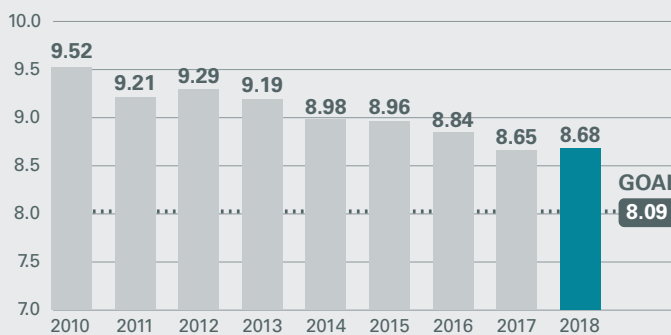
2018 ENERGY EFFICIENCY PROGRESS*

8.9% improvement in purchased energy efficiency

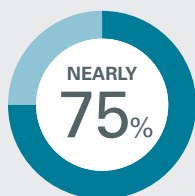
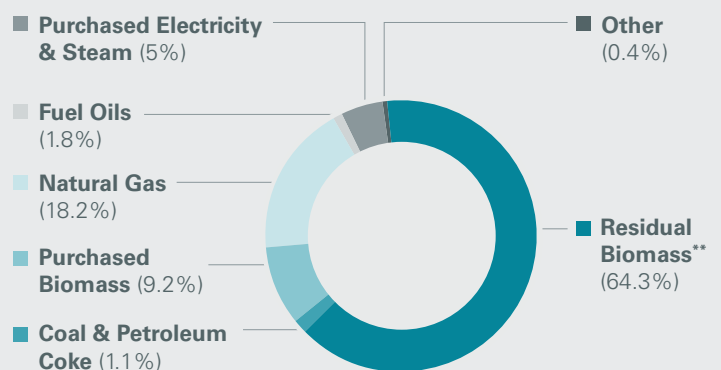
Vision 2020 Goal: Improve efficiency in purchased energy use by 15%

PURCHASED FUEL EFFICIENCY*

Million British Thermal Units per metric ton of production



BREAKDOWN OF ENERGY SOURCES IN 2018*



of mill energy is derived from biomass residuals rather than fossil fuels

*Energy efficiency goal progress is calculated on a 'source basis' per DOE standards and only includes pulp and paper mills.

**Residual Biomass is leftover material originally purchased as wood fiber, such as tree limbs and bark, generated during the production process and beneficially reused as energy. This is not included in purchased fuel efficiency calculations. Energy source percentages are calculated on a 'site basis'.

Since 2010, we have invested \$657 million in energy efficiency improvements and fuel diversity. With these improvements, we realized an energy improvement of 19 trillion BTUs (British thermal units) per year.

International Paper has increased energy efficiency by 8.9 percent since 2010 by optimizing processes, equipment and procedures. Some of these projects include:

- Boiler efficiency improvements
- Compressed air efficiency
- Electricity conservation
- Evaporation efficiency
- Increased renewable fuel capability
- Machine energy efficiency
- Venting reductions
- Water reuse

We are steadily making progress toward our goal despite a minor step back. In 2018, 14 of our mills set monthly records for increased energy efficiency, however a few mills experienced extreme cold weather, weather-related downtime and other unusual weather events that offset this progress. Despite these setbacks, mill energy efficiency improvements resulted from production and reliability improvements, switches to renewable energy power generations and operational and energy efficiency improvements.

CALCULATION METHODOLOGY

We use the U.S. Department of Energy (DOE) “source-basis” calculations that use efficiency numbers used by the DOE for purchased electricity, steam and fuels. This goal only includes pulp and paper mills in the calculations. Depending on both mill acquisition date and availability of data, year over year mill inclusions may differ. In 2018, International Paper India and the Madrid Mill were not included, specifically due to lack of baseline data.



TICONDEROGA MILL IMPLEMENTS IMPROVEMENTS TO REDUCE ENERGY USAGE

Our Ticonderoga Mill significantly reduced their energy usage in 2018. To do this they made improvements to their wastewater treatment system which created better heat retention during the winter months. This resulted in a decrease in the amount of energy needed for wastewater heating.

Greenhouse Gas Emissions and Air Emissions

Our strategy for lowering both air and greenhouse gas (GHG) emissions is connected to continuous improvements in our operations and our management of purchased energy. We reduce these emissions by implementing efficient manufacturing technologies, investing in energy efficiency improvements, fuel switching and operating our mills with renewable biomass residuals and less fossil fuel. Using less fossil fuel both reduces our operating costs and decreases our GHG emissions.

Each of our sites must monitor and report air and GHG emissions on a regular basis. Our Environment, Health and Safety (EHS) Management System provides a common standard for air emissions management for all our sites in addition to their regulatory requirements. This includes a set of requirements for stack testing and continuous monitoring of pollutants such as particulate matter (PM), sulfur dioxide (SO₂) and nitrous oxides (NO_x) from large sources. In addition, sites must properly design, operate and maintain processes and address community concerns. The performance standards are audited as part of our periodic EHS audit assessments.



EASTOVER MILL GOES ABOVE AND BEYOND TO SURPASS ISO 14001 OBJECTIVE

In 2018, the Eastover Mill surpassed their ISO 14001 objective to reduce their monthly Non-Condensable Gas (NCG) venting to less than 27 minutes. Through combined efforts of operations and maintenance, the mill tracked, reported and implemented corrective actions to beat their monthly goal, averaging just nine minutes per month, far below federal requirements.

GHG Emissions Reductions

Our goal of reducing GHG emissions by 20 percent by the end of 2020 includes both Scope 1 and Scope 2 emissions. Scope 1 emissions result from burning fossil fuels while Scope 2 emissions result from the offsite utility generation of steam and electricity we purchase. Our Scope 1 emissions also include relatively modest and stable emissions from International Paper owned and operated landfills.

Through continuous improvements in operations, equipment, energy efficiency and fuel diversity, we achieved significant company-wide reductions in Scope 1 and Scope 2 GHG emissions. We achieved a 21 percent reduction in 2018, exceeding our Vision 2020 goal, and will continue to evaluate and implement improvement projects.



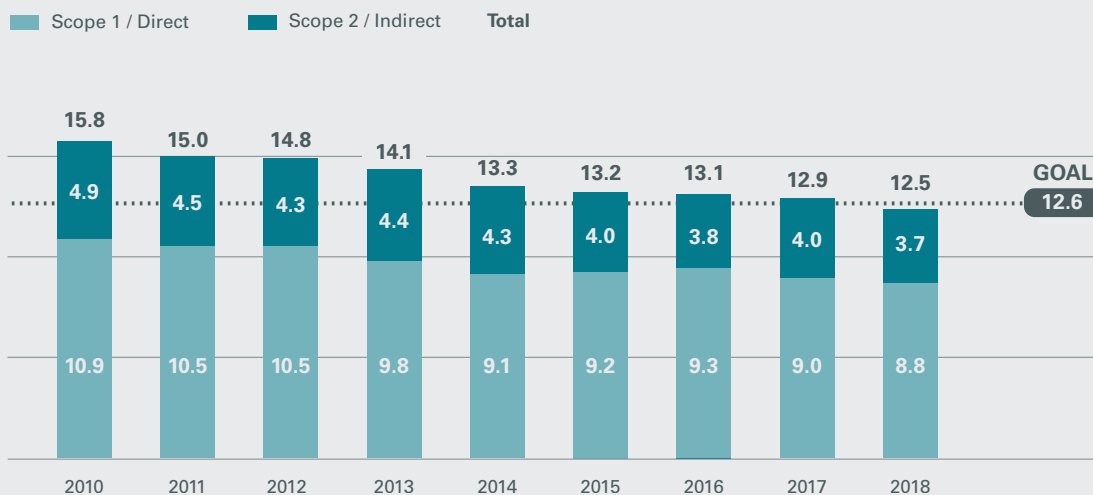
2018 GHG EMISSIONS PROGRESS

21% reduction in GHG emissions

Vision 2020 Goal: Reduce GHG emissions by 20% (direct and indirect)

GREENHOUSE GAS EMISSIONS

Million metric tons carbon dioxide equivalents CO₂e



We operate more than 200 converting locations. Collectively, our converting operations emit approximately 1.1 million metric tons of GHG. Over time, emissions from our converting facilities have trended slightly downward by approximately 11 percent since 2010. Emissions from transporting product to converters are considered Scope 3 emissions and are not included in our reported GHG emissions.

We will continue to work with partners and increase efforts to reduce our emissions. Our reported emissions do not include biogenic GHG emissions, which were 33.7 million metric tons in 2018.

CALCULATION METHODOLOGY

SCOPE 1: In the United States, we follow the requirements for the Environmental Protection Agency's Mandatory Reporting Rule of Greenhouse Gases (MRR-GHG) to calculate emissions. Methodologies include use of default factors (2007 International Panel on Climate Change [IPCC] guidelines), fuel tests and CO₂ Continuous Emission Monitoring Systems (CEMS) devices on certain units. Outside the United States, sites follow the 2007 IPCC guidelines. All facilities owned and operated by International Paper were included.

SCOPE 2: Sites follow the 2007 IPCC guidelines, and U.S. facilities use state-specific emission factors provided by the Emissions and Generation Resource Integrated Database (eGRID).

Our 2018 emissions calculations include only facilities that are fully owned by International Paper. Baseline emission data recalculations were made to incorporate acquired facilities and take out divested facilities, which accounts for changes in emissions data from last year to this year. Our 2018 GHG emissions do not include Madrid, because the facility was not fully operational for the entire year. If the converting site is owned and operated by International Paper, the energy used to convert the paper into a product is considered part of our Scope 1 and Scope 2 emissions.



KWIDZYN MILL HELPING TO REDUCE INTERNATIONAL PAPER'S ENVIRONMENTAL FOOTPRINT

We invested \$54 million at our Kwidzyn Mill in 2016 to improve our coal and bark boilers, enabling the mill to meet new air emission limits that came into effect in January 2018. The investment in state-of-the-art equipment reduces Kwidzyn's sulfur dioxide emissions by 90 percent and cuts nitrous oxides emissions by three quarters.

NO_x, SO₂ and Other Air Emissions Reductions

Energy efficiency projects, fuel switching and increased regulatory requirements resulted in significant reductions of overall emissions from our operations. We exceeded our original Vision 2020 goal of a 10 percent reduction in air emissions, and in 2016 restated our goal to 30 percent.

We have reduced sulfur dioxide (SO₂) by 62 percent, nitrous oxides (NO_x) by 36 percent and particulate matter (PM) by 19 percent for an overall reduction of 46 percent from our 2010 baseline.

For the past five years, energy efficiency projects, regulatory requirements and fuel-switching — particularly away from coal and oil — resulted in significant reductions of other air emissions.

CALCULATION METHODOLOGY

Data for air emissions are from pulp and paper mills only and are consistent with regional regulatory requirements for reporting data.



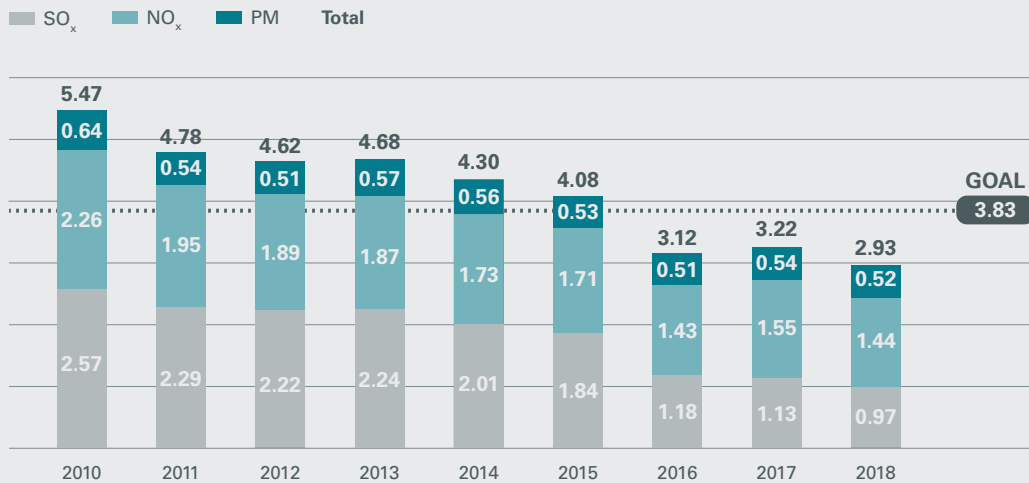
2018 AIR EMISSIONS PROGRESS*

46% reduction in air emissions

Vision 2020 Goal (restated in 2016): Reduce air emissions (PM, SO₂, NO_x) by 30%

TOTAL SO₂, NO_x AND PM EMISSIONS*

Kilograms per metric ton of production



*Air emissions goal calculations include only pulp and paper mills.

Water Stewardship

We recognize that healthy and sustainable watersheds are essential to communities, the environment and our manufacturing operations. As we look toward 2020, we are evolving our strategy from water management to water stewardship to improve the long-term sustainability of water resources where we live and work. We strive to leave natural resources in better shape for future generations, including watersheds.

We return more than 90 percent of the water we use back to waterways, and we work deliberately to improve the quality of the water we discharge. Across our global footprint, we engage with communities, regulators and other users to address watershed-level issues.



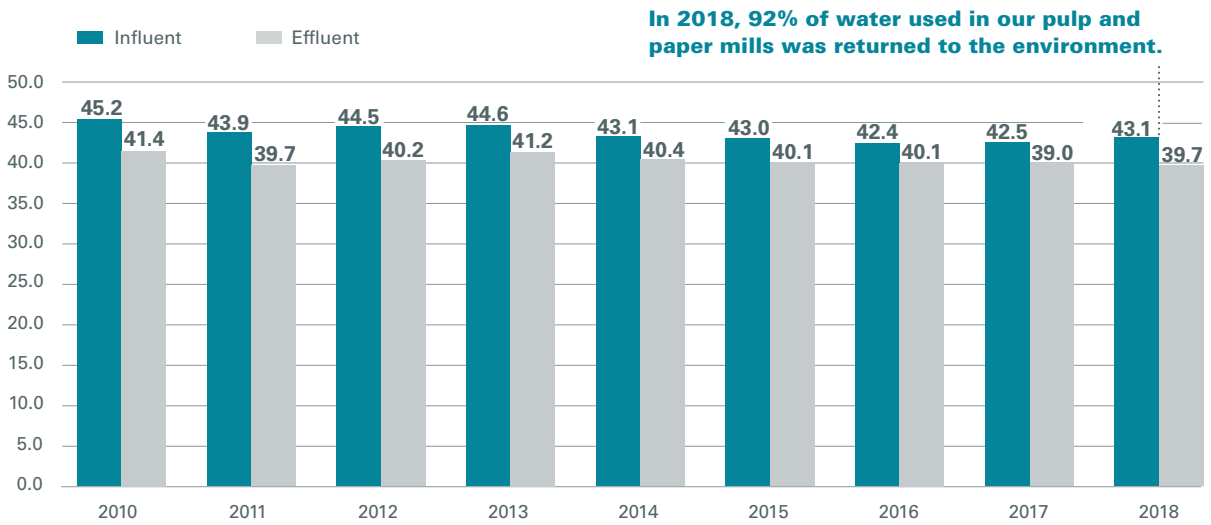
2018 WATER STEWARDSHIP PROGRESS

Formed Water Stewardship governance team. Continued annual water risk assessments, with 65 percent of mills engaging local stakeholders on water.

Vision 2020 Goal (restated in 2016): Integrate water management into regular facility assessment and proactively engage with stakeholders in communities to address water-related issues within the watershed

WATER USE*

Cubic meters per metric ton of production



WATER INFLUENT SOURCES*



* All water use data includes only pulp and paper mills.

of water used in our mill manufacturing is returned to the environment



MADRID CONTAINERBOARD MILL A FIRST FOR WATER STEWARDSHIP IN EUROPE

In 2018, we converted a newsprint mill into a recycled containerboard mill, the first mill in the European Union to produce 100 percent recycled paper using 100 percent recycled water. The mill produces 1,300 tons/day but does not use any fresh water. Also, a new, advanced-technology anaerobic effluent treatment plant will significantly lower energy consumption and residual waste generation than the previous technology. The mill uses biogas generated as a byproduct of the anaerobic effluent treatment as a sustainable, supplemental fuel source in place of natural gas.

Water Stewardship Strategy

As we develop our water stewardship strategy, we focus on three themes, as informed by the World Business Council for Sustainable Development’s “CEO Guide to Water.”

PRINCIPLES	OUR ACTIONS
<p>Understand exposure to water risk in direct operations and supply chains</p>	<ul style="list-style-type: none"> We conduct annual water risk assessments to measure water risks at our mills; we use the results to identify water stewardship opportunities. This tool includes quantitative and qualitative internal inputs, as well as third-party data from the WRI Aqueduct Water Risk Atlas and the WWF Water Risk Filter.
<p>Integrate water into decision making, disclosure and smart investments</p>	<ul style="list-style-type: none"> We developed and implemented a methodology based on the Natural Capital Protocol to understand the true cost and value of water at three mills in 2017-2018. The findings are informing the development of our water stewardship strategy. In 2018, we formed a Water Stewardship Steering Team, the company’s first-ever water governance group. Leaders from our businesses and functional groups guide the development and execution of our water stewardship strategy. In 2018, for the second consecutive year we reported to CDP-Water on our water strategy, risk exposure and risk management, financial impacts and other topics related to our water use.
<p>Collaborate to address shared risks and seize opportunities with water users and key stakeholders</p>	<ul style="list-style-type: none"> Our manufacturing, environmental health and safety and sustainability teams work closely with local stakeholders to ensure responsible water use and regulatory compliance. Deeper strategic collaboration with stakeholders in shared water basins will be an important element of our water stewardship strategy in the coming years.

Water Quality

We work to protect water quality in mill watersheds. Our mill teams focus on reducing losses to our wastewater treatment systems, which decreases oxygen-depleting substances and further improves watershed quality. Our manufacturing teams share wastewater improvement best practices in routine sessions throughout the year.

We hold all of our mills to the same high standards for achieving optimal wastewater treatment performance. Every mill must measure and record the amount of wastewater generated, identify constraints impacting wastewater quality and treat and discharge all wastewater leaving process areas.

Technical assessments of wastewater treatment systems by company subject matter experts identify system and operational opportunities to improve and optimize system efficiency, which improves effluent quality. Periodic regulatory and systems audits ensure sites are in compliance with permits, regulatory rules and company-specific standards described above.



2018 WATER QUALITY PROGRESS *

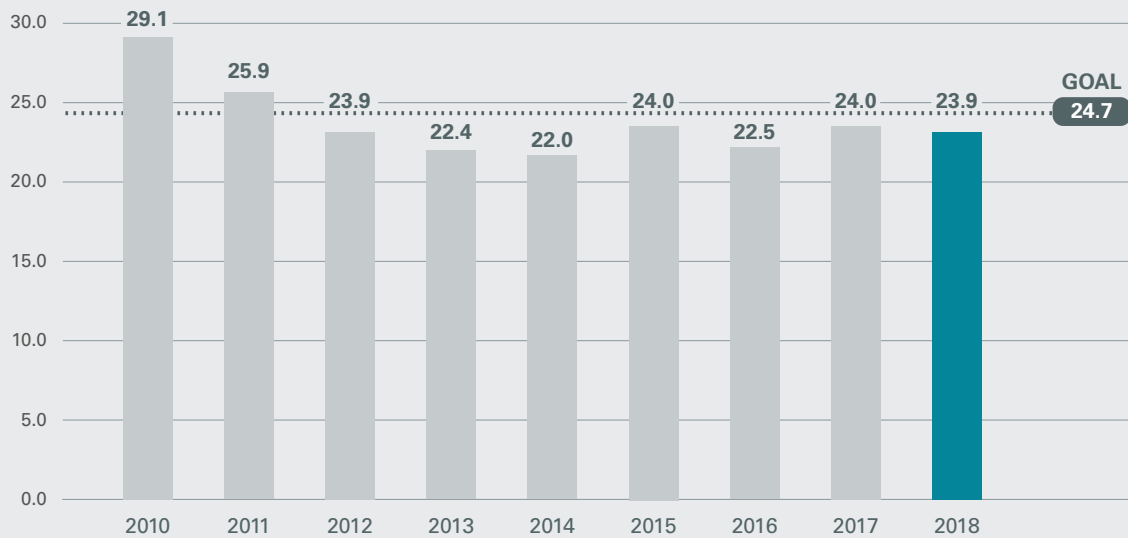
18% decrease in oxygen-depleting substances

Vision 2020 Goal: Reduce mill wastewater discharges of oxygen-depleting substances (BOD) to receiving streams by **15%**

* Water quality goal calculations include only pulp and paper mills.

OXYGEN-DEPLETING SUBSTANCES TO RECEIVING STREAMS*

Biological oxygen demand in million kilograms



* Water quality goal calculations include only pulp and paper mills.

Our water quality goal is to decrease oxygen-depleting substances by 15 percent below our 2010 baseline by the end of 2020. We have achieved an 18 percent reduction in 2018. Because year-to-year variability and acute system and weather-related events can affect our water discharges significantly, we closely monitor this number to ensure sustained progress. The total biological oxygen demand (BOD) in the figure above does not include BOD from sites that send their wastewater to publicly owned treatment works.

FIVE YEARS OF EXCELLENCE WITH WASTEWATER TREATMENT IN OREGON

Our Inks and Plates Facility in Beaverton, Oregon, earned honors from the Mayor of Beaverton and Clean Water Services for “five years of exceptional compliance with wastewater treatment.” “It’s great to know that what we do every day has a positive impact on the entire community,” said Brian Bond, wastewater operator, Beaverton Inks and Plates Facility.



SHARING WATER PROTECTION EFFORTS IN LOUISIANA

Our mill in Bogalusa, Louisiana, invited local environmental agencies to tour the mill’s water treatment facility to learn about process improvements. The mill has seen a consistent reduction in both biological oxygen demand (BOD) and total suspended solids (TSS) as a result of investments in capital projects since International Paper began operations there in 2012.

Solid Waste

Operational and regulatory standards provide a framework to reduce waste generation and waste to landfills, and to divert more material to other beneficial uses. Our EHS performance standard and program elements for solid waste ensure we meet or exceed regulatory standards. As part of these standards, every site must identify, quantify and document all generated waste and associated hazards. All sites must reduce the amount of waste generated and ensure proper management and disposal of waste.

We have created an internal network of professionals responsible for site-specific waste management. This network meets quarterly to discuss current events, policy requirements and best practices. Some of our converting sites and mills in Brazil are close to achieving a zero manufacturing waste to landfill goal by stressing efficiency, beneficial use of byproducts and recycling wherever possible, but there is still progress to be made.



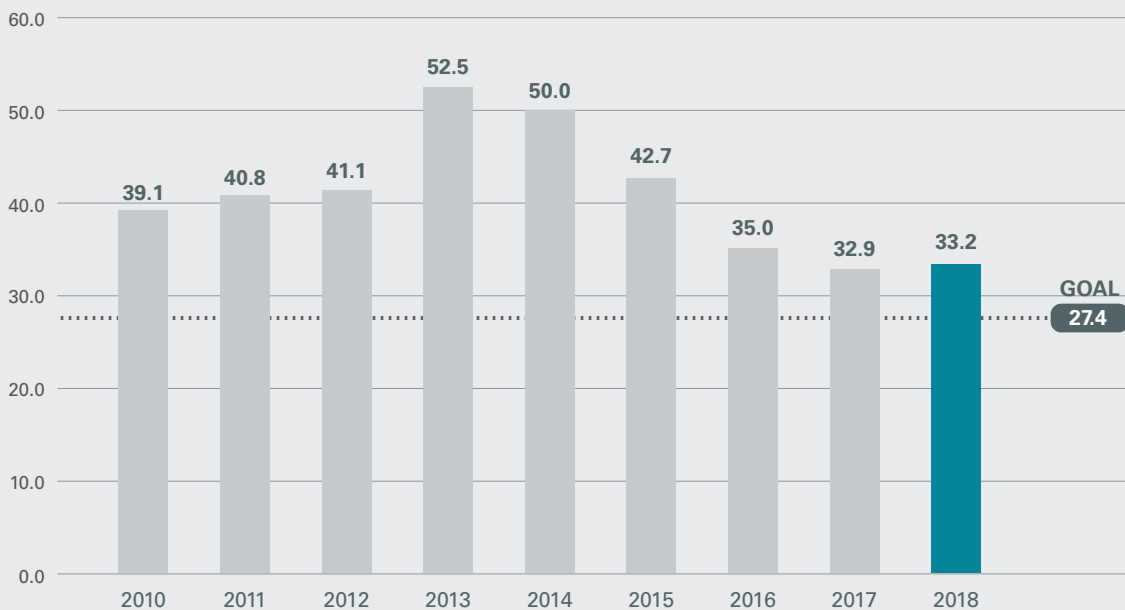
2018 SOLID WASTE PROGRESS*

15% reduction in manufacturing waste to landfills

Vision 2020 Goal: Reduce manufacturing waste to landfills by 30% and ultimately to zero

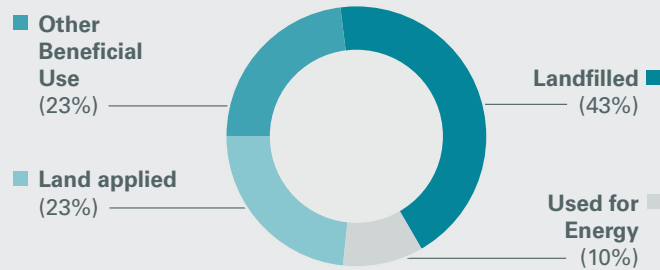
WASTE TO LANDFILL INTENSITY*

Kilograms per metric ton of production



* Solid waste goal calculations include only pulp and paper mills.

WASTE BY DISPOSAL IN 2018*



* Solid waste goal calculations include only pulp and paper mills.

In 2014, we established a voluntary goal to reduce manufacturing waste to landfills by 30 percent by the end of 2020 and ultimately divert 100 percent of our residual materials from landfills. With improvements in operational efficiency, we continue to reduce overall waste generated, while finding new ways to use residuals.

A 30 percent reduction by the end of 2020 is ambitious because of the complexities surrounding efficient, cost effective solutions for disposal. Periodically, our mills dredge wastewater treatment facilities, which creates fluctuations in waste generation. We have achieved a 15.1 percent reduction by 2018.



FINDING BENEFICIAL USES FOR SOLID WASTE

Our Georgetown mill was able to decrease the amount of waste they sent to the landfill by finding alternative beneficial uses for residual material such as primary sludge and fly ash.

Fiber Efficiency

Wood fiber is the single-largest input to the manufacturing of pulp and paper products. Addressing wood fiber efficiency helps manage costs and makes efficient use of renewable natural resources, thus reducing waste and improving the circularity of our manufacturing processes.



2018 FIBER EFFICIENCY PROGRESS*

0.749% fiber loss from reporting mills

Vision 2020 Goal: Reduce fiber lost in the manufacturing process to less than 0.75%

*Fiber efficiency goal calculations include only pulp and paper mills.

We are committed to continuing to achieve a performance of less than 0.75 percent fiber loss through 2020. In 2014, we developed a company standard to improve performance, and started to monitor progress through a global tracking system.

We achieved 0.7498 percent fiber loss with the mills reporting quality-ensured data based on a 12-month rolling average. To meet our goal, our mills focus on retaining usable fiber within our processes. We will continue to measure and track fiber efficiency performance while focusing on mill-specific deliberate improvements aimed at reducing fiber loss.

Occupational Health and Safety

Ensuring everyone — employees and non-employees — arrives home safely every day is our most important responsibility.

We focus on achieving injury-free operations by:

- Promoting accountability and responsibility for ourselves and our colleagues
- Applying safety leadership skills
- Engaging employees to use safety leading indicators
- Anticipating, recognizing and removing hazards
- Intervening during unsafe conditions
- Integrating layers of protection into our work systems and processes
- Maintaining an active safety mindset at work and at home
- Fostering a learning culture where we learn from events and near misses

Our LIFE (Life-Changing Injury and Fatality Elimination) initiative focuses on eliminating the most serious injuries and implementing sustainable systems to prevent all injuries and incidents. Project teams use our company's manufacturing excellence tools, communications channels, LIFE investigations, employee engagement, training and general education to improve workplace safety. LIFE is designed to make everyone aware of serious injury risks.



The LIFE program has five focus areas:

- Driver safety
- Machine safeguarding
- Exposure to harmful substances or environments
- Motorized equipment
- Slips, trips and falls



2018 SAFETY PROGRESS*

35% reduction in serious safety incidents since 2010

Vision 2020 Goal: Injury-free workplace

*Safety goal calculations include data on both International Paper employees and contractors. We began collecting safety data on contractors in 2012.

In 2018, we experienced setbacks in our progress toward injury-free operations. Thirty-seven employees and non-employees suffered serious injuries and three of those individuals lost their lives. For the second year, we identified key focus areas of machine safeguarding, falls and material handling. Despite the increase in the number of serious injuries, we recorded improvements in three of our five LIFE focus areas — driver safety, motorized equipment and exposure to harmful substances or environments — with no serious injuries in those areas. In 2012, we expanded our safety goal to include both contractors and employees. Since 2012, we have reduced serious safety incidents by nearly 50 percent.

All manufacturing and non-manufacturing sites report on engagement in safety leading indicators to help identify areas for improvement and where resources are needed to properly execute our programs. These seven safety leading indicators are a proactive approach to measuring progress in preventative safety efforts.



Safety leading indicators work in conjunction with our LIFE program, which aims to eliminate fatalities and serious injuries, such as concussions, fractures, burns and amputations. Team members report near-miss events — called LIFE Potentials — that did not result in serious injury because the hazard was recognized before a potential injury occurred. The 145 LIFE potentials reported by our team members per month allow us to proactively identify performance trends and areas for continuous improvement.

Contractor Safety Summits

For the fourth consecutive year, we hosted a Contractor Safety Summit with key senior leaders from our company and our contractors. The meeting includes an open dialog with our key contractors, creating policy enhancements that strengthen and simplify safety practices.

In addition to the summit, we increased the layers of protection in our Contractor Safety Management program mid-year by verifying that work plans and pre-job safety assessments have been completed before work begins, and requiring all International Paper contract coordinators be trained before managing contractors.

Types of Injury and Rates of Injury, Occupational Diseases, Lost Days

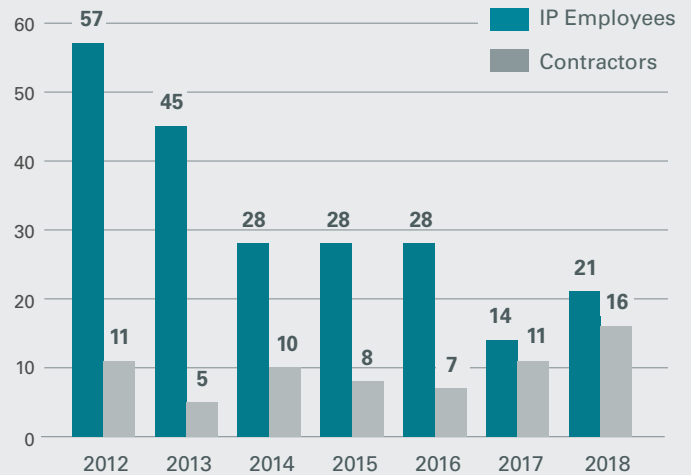
While we have made progress in safety, we have more work to do to achieve injury-free operations. To improve, we have a uniform global operations incident reporting process that uses the U.S. Occupational Safety and Health Administration (OSHA) recordkeeping standards as general guidelines.

IN 2018	
Number of fatalities for directly employed	0
Number of fatalities for contractors	3
Number of lost time accidents	205
Frequency Rate*	1.69
Severity Rate**	56.79

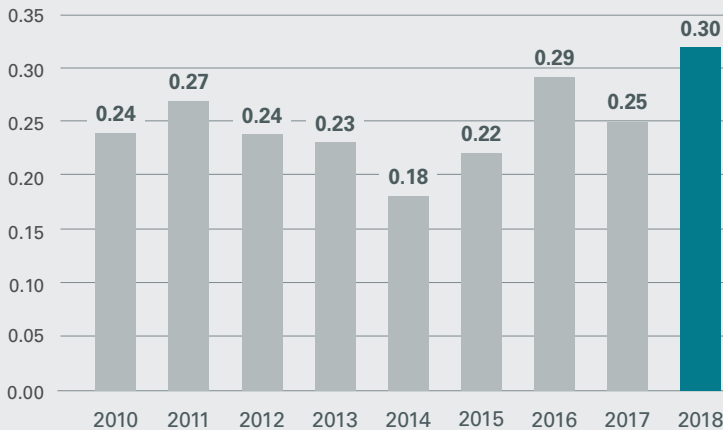
*Frequency Lost Time Accidents: lost time accidents x 1,000,000 / hours worked

**Severity Rate: total number of days lost x 1,000,000 / hours worked

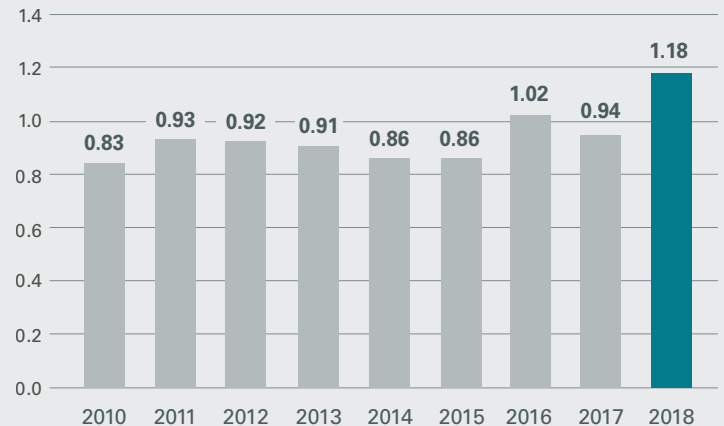
LIFE INCIDENTS



LOST WORKDAY INCIDENT RATE



TOTAL INCIDENT RATE



INNOVATIVE, RENEWABLE PRODUCTS

We create innovative, sustainable and recyclable products that help our customers achieve their objectives. The needs of our customers and the evolving demands of consumers drive product innovation. We strive to meet those demands by using research, ingenuity and creative thinking to transform renewable resources into recyclable fiber-based products that people depend on every day.

Designing for the Circular Economy

International Paper is among a growing group of companies embracing the concept of the circular economy. This means that we are always looking to evolve the design of our products so that they can enjoy multiple lives through continuous cycles of recovery and reuse. We strive to eliminate waste and make the most of our renewable resources. From ideation to the creation of a final product, we focus on how we can create impactful, sustainable solutions.

We are committed to innovation and currently **hold 1,400 patents.**

PRODUCT SPOTLIGHT: CLIMASHIELD®

We developed and introduced recyclable, water-resistant coatings for corrugated packaging, which we call ClimaShield®. Based on cutting-edge research and development, these coatings provide superior cold-storage performance and safe, sustainable and cost-effective packaging.



Product Stewardship

Customer feedback allows us to strengthen relationships and create new products that meet consumer demands. Our product stewardship team leads our effort to assess the possible health and environmental risks of a product along the entire value chain. This starts with product development and continues through sourcing, manufacturing, marketing, use by the customer and eventually to disposal or recovery for recycling.

Our products must meet specific regulatory requirements within the countries of manufacture and eventual use and meet customer expectations regarding product safety and chemicals of concern. Complying with regulatory requirements is also critical in our choice of materials. Many of our products hold voluntary ecolabel certifications, which recognize products that meet high environmental standards throughout their life cycle. We continually monitor developments in these areas to ensure we comply with all applicable regulations.



“Consumers are driven first and foremost by the health and safety of a hygiene product over its environmental impact, but with natural, fiber-based products, you get the benefit of both.”

— Hugh West, manager, new products, global cellulose fibers, International Paper



FOOD SAFETY AT THE FOREFRONT WITH 100TH GFSI CERTIFICATION

The International Paper Madison, Ohio, retail sheet plant became the 100th facility in our North American packaging business to achieve Global Food Safety Initiative (GFSI) certification as measured against the International Featured Standards (IFS) PACsecure standard.

The IFS PACsecure Standard is a collaboration between IFS Management and The Packaging Consortium (PAC). It was developed with input from more than 130 food processors and packaging material converters — including many of the company’s large customers — to identify potential hazards associated with common packaging manufacturing processes. To earn the GFSI certification, an independent third-party team audits container plants to certify materials and processes used in manufacturing corrugated packaging products are safe for the food industry.

With our high percentage of food, beverage and pharmaceutical customers, commercial needs will continue to drive the transition to the IFS PACsecure Standard for 15 to 20 percent of our plants annually.

Our Products

Industrial Packaging

Our Industrial Packaging business creates packaging products that protect and promote goods, enable worldwide commerce and keep consumers safe.

SEGMENTS

- eCommerce
- Protein
- Fruit and vegetable
- Distribution
- Processed food and beverage
- Durable/non-durable goods



HELPING CUSTOMERS MEET THEIR PACKAGING GOALS

25 North American box plants achieved FSC®, SFI® and PEFC chain of custody certification in 2018, assuring customers that they contribute to responsibly certified and managed forestland.

CREATING SUSTAINABLE SOLUTIONS

Right Size Packaging is a corrugated packaging solution that allows our customers to create efficient-sized packaging to reduce their freight costs while still ensuring optimal product protection. That means more packages in each shipment, fewer vehicles on the roads and reduced emissions.

Global Cellulose Fibers

Our Global Cellulose Fibers business creates pulp for diapers, tissue and other personal hygiene products that promote health and wellness.

SEGMENTS

- Absorbent hygiene products
- Paper
- Tissue
- Textiles
- Filtration
- Paints and coatings



FIBER INNOVATION

Elegance® Fluff Pulp enables our customers to produce environmentally responsible absorbent hygiene products. This sustainable and innovative technology addresses our customers' needs by allowing them to create thin, soft and discreet products without compromising performance.

Papers

Our Papers business creates papers that facilitate education and communication.

END USE

- Printer and copy paper
- Commercial printing
- Book publishing
- Advertising
- Envelopes
- Bills and statements
- Filing
- Specialty packaging
- Labeling



PAPER IS POWER® KIT FOR HIGH SCHOOL STUDENTS

International Paper's Hammermill® brand created a Paper is Power kit for high school, designed to help teachers educate their students on the science behind how paper is made and the importance of sustainable forestry practices related to its production.

Materials provide step-by-step lesson plans, objectives and directions to guide teachers through the material, and even address career and scholarship opportunities available to students. International Paper employees and their paper industry experiences are highlighted throughout the student workbook.

The Paper is Power curriculum for high school strengthens the understanding of responsible paper manufacturing and promotes jobs in the paper industry.

Markets Served

Asia

Our Asian businesses include the distribution of pulp, kraft linerboard and other paper and packaging materials, as well as the procurement of equipment and materials for the company's global network.

Europe, Middle East, Africa and Russia (EMEA)

Our regional headquarters is in Brussels, Belgium. Our EMEA businesses manufacture uncoated freesheet paper, coated and uncoated paperboard, newsprint, pulp, recycled containerboard and corrugated packaging. We supply these products to customers across Europe, the Middle East and North Africa.

In Russia, in addition to our paper mill in Svetogorsk, we hold 50 percent ownership in a joint venture with Ilim Holdings (Ilim Group). Ilim is the largest foreign-domestic alliance in the Russian forest products sector. Ilim produces containerboard, softwood market pulp and uncoated and coated printing papers for Russia, Europe, China and other export markets.



The majority of our box plants in EMEA are certified to FSC chain of custody standards.

India

Our regional headquarters is in Hyderabad, India. We have controlling equity ownership in Andhra Pradesh Paper Mills Limited (APPM), commonly referred to as International Paper India. We operate two paper mills located in Andhra Pradesh. These mills produce uncoated paper for domestic and export markets.

Latin America

Our regional headquarters is in São Paulo, Brazil. We produce uncoated freesheet, containerboard and corrugated packaging. We supply packaging and paper to customers throughout Brazil and also export paper throughout Latin America, Europe and Asia. We operate three uncoated paper mills, three containerboard mills and four corrugated packaging plants.

North America

In North America, we produce containerboard and corrugated packaging products, uncoated freesheet papers, pulp for hygiene products and tissue and paper bags. We operate a recycling business with facilities across the United States and Mexico. Most of our mills are in the United States, with the exception of one recycled container board mill in Mexico and one pulp mill in Canada.



We export nearly 28% of the products we manufacture in the U.S. to markets in Latin America, Asia and Europe

RECYCLING & BEYOND

To create the most sustainable business model possible, we look beyond basic recycling to evaluate our entire value chain. We are among a growing number of companies embracing the concept of circular economy. We begin by championing sustainable forestry and the use of renewable resources. We seek to design waste out of our manufacturing processes by sourcing recovered fiber and making beneficial use of residual materials. Finally, we advance the recovery and reuse of fiber after consumer use.

Natural Resource Stewardship

We are among the world's largest stewards of wood and recovered fiber. We collaborate with suppliers and seek out those who share our commitment to quality and responsibility. Globally, we recover, reprocess, reuse or facilitate the sale of more than seven million tons of recovered fiber each year.

Recycling and recovered fiber use are key components of our commitment to environmental stewardship because they help extend the useful lives of natural resources and reduce materials to landfill.

In 2018, 96 percent of old corrugated containers (OCC) in the United States were recovered and reused, according to AF&PA. This statistic indicates not only the amount of OCC being kept out of landfills, but how much fiber is being reused to create new products.



THE HOUSEHOLD RECOVERY PROJECT

We participated alongside Fibre Box Association and its members to review research around increasing residential corrugated packaging recovery rates. The group's resulting initiatives will begin in 2019.

THE RECYCLING PARTNERSHIP

International Paper joined The Recycling Partnership, a rapidly growing national non-profit that leverages corporate investment to transform recycling for good in hundreds of communities across the country. As a funding partner of The Recycling Partnership, we're helping create more circular economy jobs, more material recovery and stronger, more equitable communities.

Both new and recovered fiber are necessary to sustain an efficient supply chain. After several lifecycles of reuse and reprocessing, **recovered fiber eventually begins to break down** and is no longer suitable for use in paper and paperboard, according to WBCSD. Although this fiber can no longer be used in our products, it can be beneficially reused in many other ways, such as for energy or fertilizer. The ability to use recovered fiber would cease to exist if responsibly managed new fibers were not introduced to the fiber cycle. With high recovery rates and well-managed forests to source from, fiber-based products are among the most sustainable products in the world.

We participate in several industry associations dedicated to increasing and sustaining corrugated box recovery rates, including the American Forest and Paper Association (AF&PA), the Fibre Box Association (FBA) and The Recycling Partnership (TRP). In 2018, International Paper participated in industry initiatives, including the FBA and AF&PA's corrugated box (also known as old corrugated containers or OCC) household recovery project and TRP's paper working group.

MANAGING OUR NATURAL RESOURCES



“As one of the world’s leading producers of renewable, fiber-based packaging, pulp and paper, we are committed to strengthening our people and the communities where we live and work, using all resources responsibly and ensuring our businesses are safe, successful and sustainable for generations to come. Working with organizations like The Recycling Partnership help us meet these commitments.”

— Aimee Gregg, vice president and general manager, recycling and recovered fiber, International Paper



Recycling

In 2010, we set our Vision 2020 goal to increase OCC recovery by 15 percent. We contribute to increased fiber recovery rates by expanding our internal recovered fiber capacity, working with suppliers and acquiring new sources of materials for recovery. We also work to divert additional types of paper and packaging materials from landfills.

In 2018, we exceeded our Vision 2020 goal with a 50.3 percent increase in OCC recovery because of operational improvements in our fiber recovery process. With this additional recovered fiber, we are now creating more end product and have better aligned our sourcing with consumption.



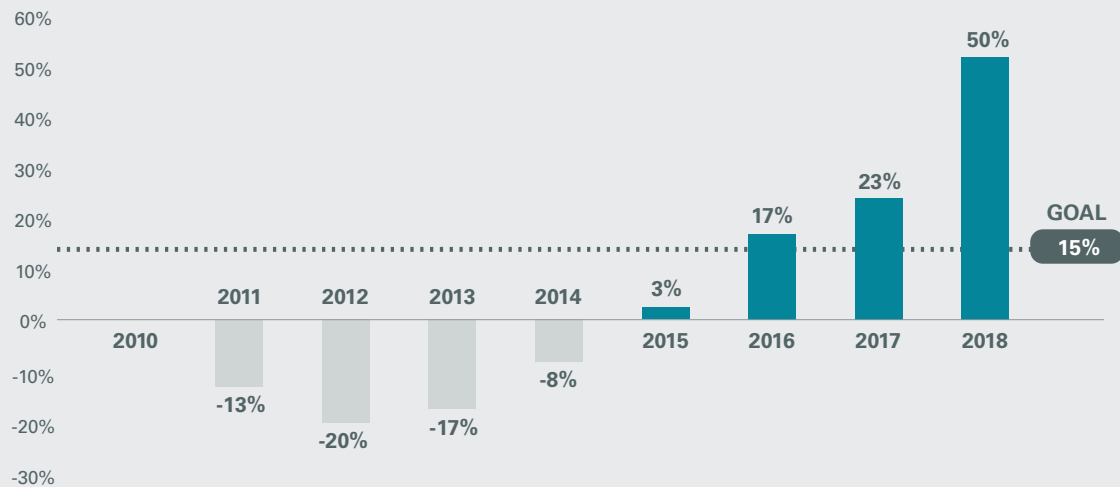
2018 RECYCLING PROGRESS

50% increase in recovery of old corrugated containers (OCC)

Vision 2020 Goal: Increase recovery of OCC by 15% by exploring new sources and diverting usable fiber from landfills

RECYCLING GOAL PROGRESS

% increase



In addition to our recycling operations in the United States and Mexico, International Paper globally procures several million tons of pre- and post-consumer paper and paper products for use in our facilities, including five mills in North America that only use recovered fiber to make our products. The average recycled content of our North American corrugated packaging products is 37.5 percent, including 29.3 percent post-consumer fiber and 8.2 percent pre-consumer fiber.

Rethinking Waste

At International Paper, we work to make the most of every tree and the byproducts of the manufacturing process to create value and eliminate waste. We use biomass residuals from the pulp-making process, for example, to supply 75 percent of the energy used in our mills. This helps us save on our electric bills while shrinking our carbon footprint by reducing our reliance on fossil fuels.



HOLIDAY ECOMMERCE CAMPAIGN

We collaborated with the American Forest and Paper Association and its members to educate stakeholders on the recyclability of paper-based packaging ahead of the holiday season ecommerce boom. The campaign reached nearly six million people.

RECYCLING WORLD BENEFITS COMMUNITY IN BRAZIL

In Brazil, we launched a recycling project in partnership with ingredients solutions company, Ingredion, to provide recycling education in the Mogi Guaçu community. The event, called Recycling World, raised awareness around correct disposal of waste and the importance of recycling. The initiative also seeks to improve the community's income generation through the responsible collection and selling of recyclables in the city.

INVESTING IN PEOPLE

We make sustainable investments to protect and improve the lives of our employees and to mobilize our people, products and resources to address critical needs in the communities where our employees live and work.

Community Engagement and Giving Strategy

We are a force for good in our communities. Our global community engagement strategy is focused on four signature causes:

- Education
- Health and wellness
- Hunger
- Disaster relief

We continue to help our communities through partnerships with local organizations, while expanding our support of national and global organizations. For example, we have supported the Mid-South Food Bank in Memphis, Tennessee, for more than 15 years. In 2017, we expanded our strategy to alleviate hunger to a national level in the U.S. through our strategic partnership with Feeding America. In 2018, we further expanded our strategy to include a partnership with The Global FoodBanking Network, where our support is enabling childhood nutrition programs in Brazil, Canada, Poland and Spain — all countries in which we operate.

We continue to make it easier for our employees to help their communities. Our goal is to address critical needs in the communities where our employees live and work by maintaining strategic partnerships focused on our signature causes.

In 2018, International Paper contributed more than \$21 million worldwide to support charitable organizations aligned with our signature causes, and our employees donated an additional \$2 million.

Community engagement projects are managed at the local level. By selecting and managing local community projects through the respective local offices, we can better focus on critical community needs and circumstances to maximize impact.

GIVING STRUCTURE AND GOVERNANCE

ORGANIZATION	ESTABLISHED	GOVERNANCE	FUNDING
IP India Foundation	2013	International Paper Leaders	Two percent of the average profit of prior three years
Instituto International Paper (Brazil)	2007	International Paper Leaders	Annual company contributions
Russia Social Council	2001	International Paper Officers and Non-officer Employees	Company funded
Employee Relief Fund	2001	International Paper Officers and Non-officer Employees	Employee donations and company matching contributions
International Paper Kwidzyn Charity Foundation (Poland)	1994	International Paper Leaders	Annual company and employee contributions
IP Foundation (United States)	1952	International Paper Leaders	Company endowments
International Paper Corp.	1898	International Paper Officers and Leaders	Company funded

International Paper Foundation, United States

Our U.S. sites play important roles in their communities. In 2018, International Paper Foundation aligned funding to local U.S. facilities to bolster local community engagement efforts. Each site receives an International Paper Foundation allocation to address critical needs in their community.

In 2018, the International Paper Foundation contributed \$3.3 million to address critical community needs in the U.S.

Kwidzyn Charity Foundation, Poland

The International Paper Kwidzyn Charity Foundation was established in 1994 based on the International Paper Foundation model in the United States. The foundation raises its funds from voluntary donations from employees and a fixed donation from the company. We use these funds to provide assistance to the victims of disasters, individuals suffering from a variety of disabilities (support includes funding of medical treatments, medicines, equipment and rehabilitation) and people suffering from poverty, as well as co-financing sports activities and financing school equipment. In 2018, we supported more than 400 applicants with financial or product support amounting to more than \$100,000.

Instituto International Paper, Brazil

The Instituto International Paper (IIP) is a Public Interest Civil Society Organization (OSCIP), responsible for developing, coordinating and executing initiatives and programs related to global citizenship efforts in Brazil. IIP was created in late 2007 to develop, coordinate and execute initiatives and programs related to corporate social responsibility at International Paper Brazil. The Institute's projects reached 8,000 people in 2018, and since its inception, IIP has helped more than 277,000 people throughout Brazil.

International Paper India Foundation

International Paper India Foundation, a wholly owned subsidiary of International Paper APPM Ltd, makes positive contributions to the communities around the company's manufacturing facilities and forestry areas through a focus on education, health and wellness and community engagement. All corporate social responsibility activities conducted in India by both International Paper APPM Ltd and International Paper India Pvt Ltd are carried out under the name of International Paper India Foundation.

Russia Social Council

Our Social Council in Svetogorsk governs in accordance with the following criteria:

- Development of target areas: healthcare, education, sport and cultural activities in the local community
- Long-term benefits for community population
- Building strategic partnerships with local non-profit organizations
- High visibility of International Paper contribution
- Support retention of local workforce and key talent

Employee Relief Fund

When a crisis occurs, our employees rise to the occasion to help their fellow workers and communities. In 2001, the International Paper Employee Relief Fund (ERF) was created to support International Paper employees who are impacted by a natural disaster or personal emergency by providing cash for basic needs such as food, medicine, clothing and shelter. Through the generosity of International Paper and its employees, more than \$1.7 million was given to more than 1,200 employees during 2018.



2018 COMMUNITY ENGAGEMENT PROGRESS

More than \$110 million donated to charitable organizations since 2010, including more than \$21 million in 2018

Vision 2020 Goal: Measure and report on our charitable support for hunger, education, health and wellness and disaster relief in the communities where we operate.

Local Community Involvement

We provide a wide array of volunteer opportunities and celebrate the contributions our employees make in their communities. Employees at all levels dedicate their time, talents and energy to making positive impacts. In addition to one-time activities, employees lend their professional expertise by volunteering on non-profit boards in their communities.

In 2018, we launched the MyImPact platform in the U.S. and Canada to manage and coordinate volunteer events and programs, conduct Employee Giving Campaigns and measure and report the collective impact in our communities. We plan to expand the MyImPact platform to incorporate multiple languages.

Here are just a few examples of how International Paper is involved in our local communities. For a complete listing of our external initiatives, see page 89.

UNITED STATES AND CANADA

Employees in Memphis, Tennessee, serve on more than 50 community boards, and more than 200 Memphis-based employee volunteers serve at various agencies each month.

United Way

We conduct United Way campaigns in nearly 80 communities throughout North America, and employees participate in United Way Day of Caring volunteer activities in those communities. In 2018, International Paper and its employees pledged \$3.3 million to United Way, including \$2.1 million in employee contributions. In Memphis alone, 625 employees volunteered more than 2,400 service hours during the Mid-South United Way Days of Caring, equating to more than \$50,000 in economic impact.

Feeding America

We have committed \$1 million to Feeding America, the nation’s largest domestic hunger-relief organization, to help feed America’s hungry and to support its national disaster relief efforts. We mobilize our people, products and resources to help “Box out Hunger.” In Memphis, we provided more than 250,000 custom corrugated boxes and monthly volunteers to the Mid-South Food Bank, a member of the Feeding America network.

Global FoodBanking Network

In 2018, International Paper donated \$125,000 to the Global FoodBanking Network (GFN) to expand child-focused programming to feed food insecure and undernourished children in Brazil, Canada, Poland and Spain. In just one year, funding is expected to provide more than 2.4 million pounds of food to more than 100,000 hungry and malnourished children so they can start their day prepared to learn and thrive.



Coaching for Literacy

We work with Coaching for Literacy to support the Fight for Literacy Games initiative benefiting schoolchildren. Fight for Literacy Games empower NCAA basketball coaches, their teams and fans to participate in literacy awareness efforts, volunteer work and fundraising activities. Our sponsorship also provided \$54,000 to literacy programs in six states.

Reading Is Fundamental

Through collaborations with Reading Is Fundamental, Operation Outreach-USA and the Shelby County School District, we provided 22,000 books to students to help them build their home libraries. International Paper made a \$1 million commitment to support the River City Partnership, a collaboration between the University of Memphis and local school districts near our corporate headquarters. The program aims to strengthen the teacher pipeline by introducing high school students to a career in education, preparing teachers at both the undergraduate and graduate level to understand the complexities of urban education and implementing teacher retention strategies.



POLAND

Siemacha is a Polish charitable association that provides children of all ages with a range of learning, cultural and social services. Our Global Business Services Center in Krakow first began working with Siemacha in 2013, supporting it with both grants and volunteers.



BRAZIL

Launched in 2010, the Formare School in Brazil continues to grow and prosper. The schools, established at our Mogi Guaçu and Luiz Antônio mills in São Paulo and Três Lagoas Mill in Mato Grosso do Sul, provide educational and professional development for at-risk teenagers. The program offers nine months of specialized trade classes, giving 2nd and 3rd year high school students a valid certificate of technical education from the Ministry of Education. The professional training course is a supplement to regular schooling. In 2018, Formare engaged 262 students and volunteer educators, training 50 young people for the job market. Thirty-six former Formare students are now employed by International Paper in Brazil.



INDIA

International Paper India created a Center of Excellence with the Indian Institute of Forest Management. The center shares information about forestry, fiber sustainability, supply chain management and safety in the forestry and paper industry. The program centers on the following areas:

Collaborative Research Initiatives: Includes work on common areas such as forestry, fiber sustainability, supply chain management, safety in forestry and paper industry, dependence of vulnerable communities on natural ecosystems for livelihood and subsistence, economic valuation of services provided by natural ecosystems and gender issues.

Partnership and capacity building of sectoral workforce: Both organizations share information to develop training modules and knowledge products in the greater interest for local and national level current and future sectoral workforce.

Hosting visiting delegations: Together, we facilitate exchange and hosting of distinguished academicians, civil servants and thinkers who deliver public lectures and conduct seminars and other activities related to forestry and other similar topics. These will be held to promote greater interaction and forge stronger links between academia and other related specialists and professionals.

Bringing fresh water to our communities: Working hand-in-hand with local legislators, village representatives and officials, International Paper India has constructed 12 water plants that have been instrumental in providing water to villages and educational institutions that would have otherwise struggled to gain access.



RUSSIA

Through our relationship with the Moscow School of Management SKOLKOVO, we have launched several joint exhibitions, supported research, provided workshops and lectures and implemented many highly visible projects. In 2018, we continued our support of educational facilities and children's centers in Svetogorsk, Russia. Our funding enabled the installation of a new heating system for the local primary school and the modernization of the kindergarten building. More than 600 children are now able to study in healthy and safe environments.

COMMUNITY ADVISORY COUNCILS

Our Community Advisory Councils (CAC) ensure ongoing communication between our operations and area residents. They serve as forums to allow communities to ask questions, receive answers, air grievances and learn more about the company's operations and community involvement efforts.

While CAC members often become supporters of International Paper, this is not the purpose of a CAC. CAC members are encouraged to ask hard questions, provide positive and constructive feedback and help the site build a better relationship with the community. Communication leads to positive change.

Monitoring and Assessing Impact

When assessing projects, our measure of success is the impact to the community and beneficiaries. We believe that our company cannot succeed if our communities cannot succeed.

We require organizations to provide impact reports on activities completed and project outcomes at the conclusion of the grant period. At a minimum, they must report on the following, if applicable to the proposed program/project:

- Progress against intended objectives, outputs and outcomes (as proposed in the organization's grant application)
- Explanation if objectives were not met
- Status update on funds expended
- Qualitative data (stories, pictures, videos, etc.)

Relationships with Schools

International Paper has participated in college recruiting for many years. Our U.S. College Relations and Recruiting Program has evolved to meet recruiting needs for the company and to provide a pipeline of high-caliber talent.

During the 2017-2018 school year, we hired the largest college recruiting class recorded in International Paper history, nearly 300 graduates, for full-time U.S. positions in engineering, information technology, finance, supply chain, global citizenship and human resources.

As campus recruiting becomes more competitive, hiring interns and co-ops is critical to establishing a qualified talent pipeline. In 2018, we increased our focus on recruiting interns and co-ops to align with full-time college hires. More than 330 interns and co-ops joined our company — the largest intern recruiting class to date.

We recruit at approximately 42 U.S. colleges and universities, and 60 to 70 percent of our U.S. hires come from 11 core schools:

- Auburn University
- Florida A&M University
- The Georgia Institute of Technology
- Michigan State University
- Mississippi State University
- North Carolina A&T State University
- North Carolina State University
- University of Alabama
- University of Memphis
- University of South Carolina
- University of Tennessee



DEVELOPING FUTURE ENGINEERS

Over the last decade, International Paper has hired more than 90 engineers from Mississippi State University's Bagley College of Engineering. International Paper reaffirmed its commitment to the school in 2018 by investing \$1.5 million to create the International Paper Diversity and Retention program and to provide upgraded engineering labs and student work areas within the College of Engineering.

Our Employees

Our talented workforce of more than 52,000 employees spans five continents and communicates in more than 20 languages.

We value character as much as capability. We look for employees who not only have talent, skills and work ethic, but who are dedicated to the principle of doing the right things, in the right ways, for the right reasons — all of the time. We foster an inclusive culture and a supportive work environment that attracts and retains the best team members and enables them to learn, grow, collaborate and contribute to sustainable results.

We seek to foster employee well-being and performance through a people development process that includes engagement, health and wellness programs, training and business/region-specific people councils.

In 2018, we hired 7,856 new employees. We continue to build an increasingly diverse and inclusive environment in order to attract, develop and retain the best talent from all backgrounds and experiences. We are committed to providing a workplace free of discrimination, harassment and retaliation. We do not discriminate based on race, ethnicity, color, religion, sex, sexual orientation, marital status, age, disability, gender identity or expression, genetic information, national origin, military or veteran status or any other classification protected by law.

Employees and Other Workers

In 2018, International Paper employed more than 52,000 people working in manufacturing, converting, sales and various office locations. Nearly 33,000 employees are in the United States. Our workforce represents more than 100 ethnicities and nationalities across 21 countries. In 2018, 17 percent of our global workforce was female.

Workers who are legally recognized as self-employed, or individuals other than employees or supervised workers, do not perform a substantial portion of our work. We do not experience significant seasonal variations in employment.

EMPLOYEES - REGION BY GENDER

	MALE	FEMALE	TOTAL
North America	83%	17%	35,525
EMEA	77%	23%	9,816
South America	87%	13%	5,270
India	97%	3%	1,886
Asia	31%	69%	153

EMPLOYEES - REGION BY AGE

	UNDER 31	31-40	41-50	51-60	OVER 61
North America	18%	21%	24%	27%	9%
EMEA	15%	27%	30%	25%	3%
South America	26%	40%	23%	10%	1%
India	8%	31%	29%	31%	0%
Asia	23%	41%	25%	8%	3%

NEW HIRES IN 2018 – REGION BY GENDER

	MALE	FEMALE
North America	83%	17%
EMEA	71%	29%
South America	77%	23%
India	92%	8%
Asia	31%	69%

EMPLOYEE TURNOVER IN 2018 – REGION BY GENDER

	MALE	FEMALE
North America	15%	13%
EMEA	8%	11%
South America	9%	13%
India	6%	12%
Asia	35%	34%

Forty-seven percent of our employees have worked at International Paper for more than 10 years.

Employee Engagement

We recognize that our success is dependent on how we perform as a team. We know that a highly engaged culture leads to better safety and business success. International Paper has been asking for input from employees using an engagement survey for 20 years.

In 2017, in a focused effort to enhance performance, maximize engagement and help retain talent, we adjusted our survey approach to better identify areas for improvement. We conducted focus groups of hourly and salaried employees from every region and business to understand the work environment from their perspective, and we used this information to create a customized survey called *MyView*.

The *MyView* Employee Engagement Survey allows us to measure important factors that affect engagement — how employees feel about their work environment, the people they work with and the company's vision. *MyView* gives employees the opportunity to confidentially share their views on specific areas known to be related to engagement with questions allowing for detailed, actionable feedback with clear direction on how to improve engagement.

But sharing what we think and feel about working at International Paper is just the first step. The second and equally important step is acting on the feedback we receive.

Across the world, International Paper leaders review survey results with their teams and work together to develop engagement plans that focus on specific team feedback. The *MyView* results combined with the engagement planning process provide all employees the opportunity to make a positive impact on safety, operations, commercial excellence and financial performance while building a strong sense of community.

Together, people leaders and their teams are working together to continuously improve the work environment, increase engagement and drive improved business results.

- All people leaders with four or more employees who completed the survey received team-specific feedback and 100 percent of people leaders were asked to create an engagement plan.
- 89 percent of our global team members completed surveys; leaders at all levels are using the feedback to build engagement plans to build on our strengths and to address the opportunities for improvement.

In 2019, we will continue to listen to our employees by conducting regular *MyView* surveys.

Compensation and Benefits for Full-time Employees

We view compensation and benefits as an investment in our people. Our rewards programs are designed to attract, engage and retain a talented workforce by rewarding performance while ensuring competitiveness in our local markets around the world.

We continually evaluate the benefits we offer in our regions and enhance the offering to provide a competitive employee value proposition to our current and prospective employees. In 2017, the compensation team launched a project to create greater efficiencies and better accuracy in valuing salaried jobs around the world. This allows a globally consistent and equitable process for evaluating unique jobs, creates global alignment and equity, and provides a structure that will allow us to establish competitive pay rates in areas where robust market data is lacking.

We have made several enhancements to our U.S. benefits program in 2018 in response to research identifying employees' evolving benefit needs and expectations.

- We adjusted the defined contribution retirement plan, providing increased company retirement savings account contributions for all U.S. salaried employees.
- We introduced a student loan assistance program. International Paper contributes \$100 each month with a lifetime maximum contribution of \$9,000 toward a U.S. salaried employee's eligible student loan.

Employees Covered by Collective Bargaining Agreements

In 2018, International Paper employed more than 52,000 people, nearly 33,000 of whom are located in the United States. Of U.S. employees, approximately 23,000 were hourly, with unions representing approximately 14,000 employees — approximately 11,000 represented by the United Steelworkers Union (USW).

International Paper, the USW and several other unions entered into four master agreements covering various mills and converting facilities. These master agreements cover several specific items, including wages, select benefit programs, successorship, employment security and health and safety. Individual facilities continue to have local agreements for other subjects not covered by the master agreements. If local facility agreements are not successfully negotiated at the time of expiration, under the terms of the master agreements the local contracts will automatically renew with the same terms in effect. The master agreements cover the majority of our union-represented mills and converting facilities. In addition, International Paper is party to a master agreement with District Council 2, International Brotherhood of Teamsters, covering additional converting facilities.

RECOGNITIONS

Fortune Magazine
World's Most Admired
Companies® 2019 for 16 years



Ethisphere Institute
World's Most Ethical
Companies® 2019 for
13 consecutive years



Institutional Investor
Institutional Investor
Most Honored Company 2019
for 13 consecutive years



Women's Choice Award®
Best Companies to Work For —
Millennial Women 2018 and 2019



IDG Computerworld
100 Best Places to Work
in IT 2018 for 10
consecutive years

Employee Development

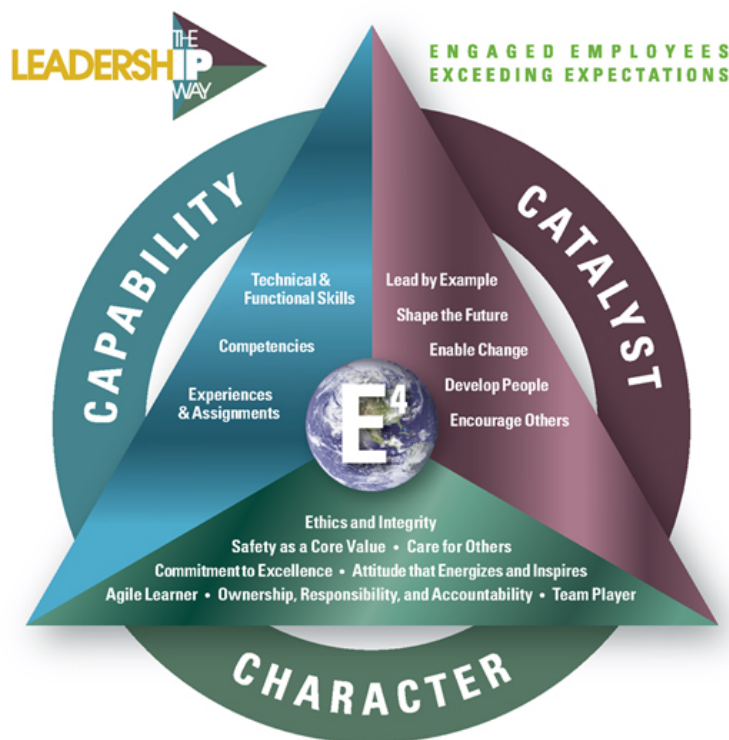
We believe our most competitive advantage is our people. That's why we strive to unleash every person's full potential by attracting, developing, retaining and inspiring all employees. We are committed to developing, promoting and supporting employees at all levels.

Employee development is based on each employee's interests and capabilities as well as the needs of our company. We provide training and resources that deliver continuous learning and development opportunities. Mandatory and voluntary training help our employees develop new skills, expand upon existing knowledge and benefit from coaching and advice.

Leadership development is an ongoing process that requires commitment and active participation. That's why we have developed the IP Leadership Model that focuses on three essential leadership elements — character, capability and catalyst.

Training, Education and Leadership Development Programs

We conduct extensive training and development programs worldwide; however, we do not currently track the average number of hours of training per employee. Examples of these training, education and development programs are below.



Our leadership development efforts fall into four key areas:

- On-the-job experiences and assignments
- Coaching and mentoring
- Formal classroom training
- On-demand e-learning

E-LEARNING SYSTEM

Our Learning Management System (My-Learning) is a foundational part of our training and development efforts, providing all employees access to on-demand courses. Employees completed 1,833,306 courses in 2018, up 96 percent from the previous year. There has been a five-fold increase in the use of My-Learning since its launch in 2014. We added 9,464 e-learning courses in 2018 and, with 130 trained course developers, new content is always being created.

FIRST-LINE LEADER DEVELOPMENT

First-line leaders are responsible for supervising teams of employees across our manufacturing enterprise. The First-Line Leader Development training program, available in nine languages, equips new leaders with the unique skills they need to lead their team and to make the transition from individual contributor to leader easier.

The two-tiered program is self-paced and begins with an on-boarding curriculum, targeting those who aspire to become first-line leaders and giving them a head start on building critical leadership skills. Next, the proficient curriculum strengthens the skills of new first-line leaders who have been assigned their first permanent shift or crew.

GLOBAL MANUFACTURING TRAINING INITIATIVE

We will experience a high rate of attrition in the next decade because many of our employees will be reaching retirement age. In response to this, we created the Global Manufacturing Training Initiative (GMTI), an enterprise-wide effort that encompasses the standardized and structured manner in which hourly operations and maintenance employees are on-boarded, coached, trained and certified for positions in our mills. This comprehensive, strategic development of technical and non-technical competence, conduct and performance results in a high-performing, skilled workforce that is prepared for the changing business environment and fundamentally improves the organization. This initiative instills and reinforces the key commitments of The IP Way Forward and the desired culture of collaboration aimed at continuous improvement.

INTERNATIONAL PAPER ADVANTAGE PROGRAM

Our International Paper Advantage program seeks to identify and develop internal talent early in an employee's career. Program participants have significant upward growth potential. The experience connects participants with a range of talented leaders who share how their own work experiences and assignments contributed to their successful careers. Through open and candid discussions on career obstacles and opportunities, participants and leaders explore initiatives and actions to help maximize professional development and growth. In 2018, we updated the program to include a team project on the company's commercial and operational excellence initiatives.

International Paper Leadership I

This multi-month program aims to develop first and second-level leaders early in their careers at International Paper and to teach ways that team member engagement plays an active role in achieving business results.

International Paper Leadership II

International Paper Leadership II is designed for more experienced first- and second-level leaders. The eight-month program includes on-the-job demonstrations and learning opportunities.

LEADERSHIP INSTITUTE

Our Leadership Institute provides interactive learning and growth opportunities for potential future company leaders. It offers skills development that helps build employee relationships, leading to better execution of business objectives. The Institute offers programs and resources that align with our key business strategies and initiatives, while promoting leadership development through assessment, feedback and coaching.

In 2018, 473 leaders participated in 18 Institute programs. Each program includes senior leadership participation, coaching and mentoring to ensure our key leadership expectations are being shared with and modeled by employees at all levels of company leadership. Since 2005, more than 4,000 employees have participated in our Leadership Institute programs.

TUITION REIMBURSEMENT

Our education assistance program provides financial support to employees who want to broaden their knowledge base, develop further professional skills and take external classes to prepare for other positions within International Paper.



Our tuition reimbursement for all eligible U.S. employees increased in 2017 from \$4,000 a year to \$5,250 a year.

Regular Performance and Career Development Reviews

We conduct annual performance reviews of employees at all levels to guide company decisions relating to compensation and rewards.

The International Paper performance management system links the individual goals of our salaried workforce with organizational performance. This process requires annual formal reviews, the calibration of talent and allocation of performance rewards and promotions. Throughout the year, managers provide employees with ongoing feedback, coaching, training and on-the-job development. Employees and managers work together to create employee development plans. This entire process aligns individual performance objectives and career-development planning with business and company goals and results.

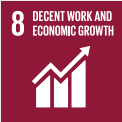
In addition, we conduct an annual employee development planning process in which managers discuss with each of their employees his or her strengths and development opportunities. The manager and employee then create an action plan to strengthen areas in need of development and to build new leadership skills.

360 FEEDBACK

The 360° review process allows employees to receive feedback on specific skills from internal and external colleagues, followed by meetings with trained facilitators who help devise development plans based on the results.

Diversity and Inclusion

We strive to promote a culture of inclusion where individuals feel respected, are treated fairly and have an opportunity to do their best work every day. Diversity and inclusion is a key part of our sustainability strategy — we believe that we will be better able to sustain value creation with a diverse workforce and inclusive culture.



College recruiting is vital to bringing talent into our company. International Paper sponsored the 2018 National Black MBA Association (NBMBAA) conference, connecting diverse talent with jobs and cultivating valuable workplace ideologies.

We take a broad view of diversity and inclusion by going beyond racial and gender diversity — culture, background, experience, religion, thoughts, sexual orientation, personality and communication represent the diversity of our workforce.

While others may see us as a manufacturing company, we know that we are a people company with an extensive manufacturing footprint. Creating a diverse and inclusive culture is essential:

- It enables our colleagues to contribute their best.
- It harnesses different thoughts, skills, talents and experiences to produce innovative solutions.
- It helps make International Paper a better company for our employees, customers, communities and investors.
- It promotes innovation, increased team dynamics and productivity.

In 2017, we appointed a Chief Diversity Officer (CDO) to guide our progress and to expand our efforts to attract, develop and retain the best talent while strengthening our culture of inclusion throughout the organization. Under the leadership of our CDO, we have rebuilt our diversity and inclusion framework to support a strategy for influencing our workforce, workplace and marketplace. Establishing champions across our various business groups will ensure we effectively achieve our plan of action.

“A diverse and inclusive workplace, where employees feel valued and are treated with dignity and respect, is fundamental to our future success.”

—Fred Towler, chief diversity officer and vice president, human resources, talent management and global mobility, International Paper



Our diversity and inclusion strategy includes:

- **Workforce** — our employee population and includes our talent management process.
- **Workplace** — the on-site and off-site environment that exists for our employees. Our objective is to provide an engaging and inclusive workplace.
- **Marketplace** — all our stakeholders (customers, employees, suppliers, community partners, etc.) and how they view us as a responsible employer.

We expect all employees — not just leaders — to build and sustain a work environment that embraces individuality and collaboration to drive exceptional results. We are committed to providing a workplace free of discrimination, harassment and retaliation regardless of race, ethnicity, color, religion, sex, sexual orientation, marital status, age, disability, gender identity or expression, genetic information, national origin, military or veteran status or any other classification protected by law.

We believe that creating a workplace that embraces diversity and strives for inclusion is essential to promoting innovation and improving team dynamics, productivity and, therefore, profitability.

MENTORING BOARDS

Mentoring boards at International Paper exist to promote awareness, development and encourage collaboration of employees across the global International Paper platform. Boards provide mentoring in a group setting via conference calls or smaller group discussions, and enable participants to learn from leaders across the organization. The quarterly meetings hosted nearly 1,800 employees throughout 2018.

Our Women in International Paper and the African-American mentoring boards encourage participants to share knowledge and support each other with personal and professional development. We look for opportunities to add mentoring boards or other engagement groups where there is a significant level of employee interest. For example, we conducted an LGBTQ focus group in the U.S. to identify needs and opportunities to engage with our employees.

INCLUSION FORUMS

We conduct Inclusion Forums twice a year to increase knowledge and awareness of diversity and inclusion and to enhance our ability to maintain an inclusive work environment. Forum topics include unconscious bias, generational diversity, workforce trends, managing diversity of personality and communication style, engagement through inclusion, as well as other topics. In 2018, 127 leaders participated in the forums, with more than 1,000 participants since the program's inception in 2013.

Diversity of Governance Bodies

The main governance bodies are the International Paper board of directors, the senior lead team comprising selected officers and the appointed officers of the company.

Our board and the Governance Committee have assembled a board comprised of experienced directors who are currently, or have recently been, leaders of major companies and institutions, are independent thinkers and have a diverse range of expertise and skills that they bring to the boardroom.

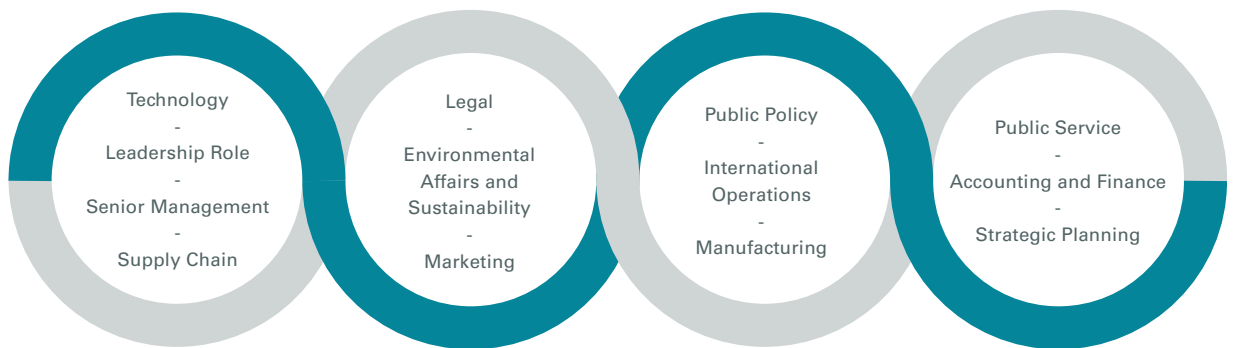
The board, through its Governance Committee, seeks to have a group of directors with a mix of backgrounds, experiences and tenure that will enhance the quality of its deliberations and decisions and provide a blend of institutional knowledge and fresh perspective.

The criteria considered by the board and the Governance Committee include a person’s skills, current and previous occupations, other board memberships and professional experiences in the context of the current needs of the board.

The Governance Committee Charter specifically directs the committee to seek qualified candidates with diverse backgrounds including, but not limited to, such factors as race, gender and ethnicity. While the company does not have a formal policy on board diversity, the Governance committee actively considers diversity in the recruitment and nomination of directors. The current composition of our board reflects those efforts and the importance of diversity to the board.

The satisfaction of all director qualifications and other criteria, qualifications and objectives is implemented and assessed through ongoing consideration of directors and nominees by the Governance Committee and the board, as well as through the board’s annual self-evaluation process.

Our board believes that its membership should include individuals with a diverse background in the broadest sense, and is particularly interested in maintaining a mix of skills and experience that includes the following:



Our director qualification Criteria and Independence Standards may be found at www.internationalpaper.com under the “Company” tab at the top of the page followed by the “Leadership” link and then under the “Governance” link.

2018 DIVERSITY OF GOVERNANCE BODIES

	MALE	FEMALE
Board of Directors	77%	23%
Senior Lead Team	83%	17%
Officers	86%	14%

	UNDER 30	31-50	OVER 51
Board of Directors	0%	0%	100%
Senior Lead Team	0%	8%	92%
Officers	0%	28%	72%

Human Rights

Our [Human Rights Statement](#), reflects the company's commitment to protecting and advancing human rights globally. We respect international principles of human rights, including those expressed in the United Nations Declaration of Human Rights.

We do not tolerate child labor, forced labor, physical punishment or abuse, nor do we tolerate deceitful or violent behavior. We respect the rights of indigenous peoples where our operations impact their communities. We comply with the employment laws of every country where we operate, and we recognize lawful employee rights of free association and collective bargaining. In order to reduce potential for human rights abuses in our supply chain, we seek to do business with suppliers who share our standards.

We have a Human Rights policy applicable to all employees, officers and our board of directors, which provides guidance on the importance of respecting human rights and being aware of the company's impact on human rights in its operations across the globe. In particular, it reinforces expectations to be alert to signs of human trafficking or forced labor. We also comply with applicable laws requiring a [declaration on human trafficking and slavery](#), such as the California Transparency in Supply Chains Act and the UK Modern Slavery Act.

Our [Supplier Code of Conduct](#) outlines our expectations of suppliers and their employment practices. Suppliers are expected to employ workers who have a legal right to work. Workers must be free to terminate employment at any time upon reasonable notice. Suppliers must refrain from, and must require their contractors to refrain from, any conduct that uses threats, force or other forms of coercion, abduction, intimidation or abuse of power for the purpose of exploitation, forced labor or slavery of any individual. Suppliers must also comply with all laws governing human trafficking and slavery. We expect our suppliers to support the elimination of child labor and forced labor in their supply chains.

RESPONSIBLE BUSINESS PRACTICES

We do the right things, in the right ways, for the right reasons, all of the time — this is The IP Way. Together, The IP Way and our core values — safety, ethics and stewardship — serve as our guideposts as we carry out our mission.

SAFETY

Above all, we care about people. We look out for each other to ensure everyone returns home safely.

ETHICS

We act honestly and operate with integrity and respect. We promote a culture of openness and accountability.

STEWARDSHIP

We are responsible stewards of people and communities, natural resources and capital. We strive to leave everything in better shape for future generations.

The International Paper global ethics and compliance program promotes our culture of ethics, integrity, dignity, respect and compliance with applicable laws and standards in all regions in which we operate. The program provides direction, guidance and resources to help our employees and all stakeholders understand our ethical expectations. The program also supports the company's efforts to conduct its operations in a sustainable and responsible manner by developing the [Code of Conduct](#), policies, training programs and other guidance materials for our employees and third parties with which we do business.

Our compliance and ethics program is the responsibility of the senior vice president, general counsel and corporate secretary, and is directed by the chief ethics and compliance officer, who leads our global ethics and compliance office. The audit and finance committee of the board of directors oversees the compliance program, and the chief ethics and compliance officer has direct access to the committee.

Compliance Approach

We apply a risk-based approach to mitigate the potential for non-compliance. We incorporate environmental, social and governance considerations into our everyday processes to ensure that we adequately address risks, operate sustainably and responsibly and create long-term value.

Our [Code of Conduct](#) lays the groundwork for how we treat our customers, investors, suppliers, communities and each other in our operations around the world. The principles in our Code of Conduct are supported by policies and best-practice procedures that help prevent illegal or unethical conduct, and assess, monitor, mitigate and respond to potential risk situations or occurrences. We share our Code of Conduct with all employees and our board of directors, and we provide ethics and compliance training tailored to the needs of each region. The Code is available in multiple languages across our operations and is available to the public online.

Our [Supplier Code of Conduct](#) also sets the expectations of ethical and legal conduct for all who provide International Paper with goods or services. We provide Supplier Code of Conduct training for suppliers and field personnel. It is available in multiple languages across our operations.

Ethics training is mandatory for all full-time salaried employees, and newly hired employees must complete courses within a designated time. The courses target specific job roles and address respective business risks. They cover topics such as compliance with the U.S. Foreign Corrupt Practices Act (FCPA) and other anti-corruption standards; antitrust and competition law concerns; fair labor practices; conflicts of interest; records management, data privacy and insider trading prevention.

Our global ethics and compliance office leads the company's data privacy program including efforts to review, enhance or restructure our program as may be needed to achieve compliance with the recent European Union General Data Protection Regulation and other applicable data privacy laws.

Reporting Concerns

We do not tolerate violations of our [Code of Conduct](#) or any conduct that is illegal or unethical. Anyone who becomes aware of or suspects a violation is expected to report it. We encourage employees who need help or advice to speak with their supervisors. When a supervisor is not the first choice, employees are encouraged to contact any trusted manager, a human resources representative, the global ethics and compliance office, the legal department, a member of internal audit or enterprise security management depending on the concern.

Employees can always contact the International Paper [HelpLine](#), which offers a confidential method for seeking advice and reporting concerns. Our HelpLine is available to employees, contractors, customers, suppliers and the general public, so anyone can raise concerns about potential legal violations or other unethical conduct at our company or in our supply chain.

Where permitted by law, anonymous reports may be made to the HelpLine by phone or online. Our HelpLine is managed by a third-party vendor and is accessible 24 hours a day, seven days a week, 365 days a year. We provide HelpLine awareness through our Code of Conduct, training, posters, internet and intranet websites, internal newsletters and other promotional materials.

We take all reports seriously and investigate each allegation. We have a strict no-retaliation policy so employees can make good-faith reports without fear of negative repercussions. Information about the HelpLine is available at [EthicsIP.com](#). Our expectations of employees when conducting business and our reporting standards and procedures are detailed in our Speak Up! Ethical Business Conduct policy.

HOW WE ADDRESS ETHICAL CONCERNS:



Anti-Corruption

International Paper is subject to the U.S. Foreign Corrupt Practices Act (FCPA) and other anti-corruption regulations of other regions. We honor all applicable laws and treaties wherever we operate, and we expect the same of our business partners.

We conduct risk assessments, which include a focus on corruption, procurement fraud and aspects of business where we directly interact with government officials. We enhance our risk assessment process to improve alignment among the regions. Regional risk assessments account for variations in geographic location, specific government interaction and local laws. We have established due diligence processes, internal control procedures and financial safeguards to ensure accurate books and records are maintained. In addition, we provide regular training to our employees on anti-corruption and other related topics.

International Paper holds its own employees to the highest standards. Our [Code of Conduct](#) and our policies, including Anti-Corruption, Giving and Receiving of Gifts, Hospitalities and other Business Courtesies, Conflicts of Interest and Travel and Expense, provide guidance to our employees related to potential conflicts of interest and gifts or hospitality situations that expose them to corruption risk or the appearance of inappropriate conduct.

Employees are expected to disclose potential conflicts of interest including those that may raise the risk of corruption. New-hire, full-time salaried employees complete an employee agreement that includes a conflict-of-interest questionnaire. The agreement requires employees to disclose any interest that they or members of their immediate families may have in a competitor, supplier or customer, as well as any other transactions or relationships that may pose a conflict of interest. Our continuous improvement efforts include enhancing our documented process for managing approved ongoing potential conflict situations by setting agreed upon expectations and monitoring structure.

We require employees to abide by travel, gift and expense policies designed to prevent even the appearance of impropriety in dealings with government officials. International Paper similarly holds third parties to the same standards. We have a detailed global sourcing process that includes screening third parties for a wide variety of risks, including corruption risks. The results of those assessments are considered seriously and corruption risks are managed appropriately. The program requires all suppliers to abide by our [Supplier Code of Conduct](#) that specifically prohibits payments, which states that each supplier is responsible for ensuring that its employees, representatives and subcontractors also understand and comply with the principles of the International Paper Supplier Code of Conduct. The Supplier Code of Conduct specifically prohibits illegal payments or corruption or tolerates the offer of gifts, favors or entertainment where they are intended to obligate the receiver, as well as requiring compliance with all applicable laws and treaties.

The Global Ethics and Compliance office works with our internal business and staff groups to look for new opportunities to incorporate compliance due diligence processes within existing business and staff procedures.

Communication and Training on Anti-Corruption Policies and Procedures

All International Paper employees as well as its board of directors are subject to the company's [Code of Conduct](#) and policies. The board approves each version of the company's Code of Conduct. Periodic updates on ethics and compliance matters including policy updates are provided to the board. All full-time salaried employees are trained on International Paper Code of Conduct and anti-corruption policies, and refresher training is conducted periodically. The International Paper training process includes education of employees through periodic internal messaging; training conducted on our internal learning management system, in-person trainings conducted by members of the legal department, the ethics and compliance office and occasionally outside legal counsel. In some of our global regions, suppliers have been educated on anti-corruption and other ethical behavior expectations through Supplier Code of Conduct training. Many suppliers have also received the [International Paper Supplier Handbook](#), which also sets forth expectations of ethical behavior.

Our continuous focus on improving our culture of ethics and integrity have earned us the Ethisphere Institute's "World's Most Ethical Companies®" award for 13 consecutive years. For more recognitions see page 77.

External Initiatives

We are committed to excellence in environmental, health and safety practices and in overall performance. Below is a list of entities/initiatives to which we subscribe or endorse.

ENTITY OR INITIATIVE	PURPOSE/COMMITMENT
826 National	We support the largest youth writing network in the U.S., helping fund their free writing programs that serve more than 38,000 under-resourced students ages six to 18 in eight cities and an additional 46,000 students nationwide through 826 Digital.
American Forest Foundation Carolinas Working Forest Conservation Collaborative	We participate in this joint initiative focused on the Coastal Carolinas Plain to educate and engage family woodland owners in sustainable forestry, forest certification, the enhancement of habitat for at-risk species and the conservation of bottomland hardwood forests.
American Red Cross Annual Disaster Giving Program	Our commitment builds upon the company's long-time support of American Red Cross disaster relief programs and helps more than 100 communities across the country.
Arbor Day Foundation Community Tree Recovery Program and Time for Trees Initiative	The Community Tree Recovery Program is promoting community resilience by helping homeowners recover the beauty and benefit of trees after a natural disaster, as well as helping to restore forestlands impacted by natural disasters. The Time for Trees initiative, a commitment to plant 100 million trees in forests and communities worldwide by 2022.
CDP	We report annually to CDP questionnaires on climate, forests, water and supply chain.
Celebrate Planet Earth	Our support helps distribute butterfly kits and sunflower kits to kindergarten through third-grade classrooms across the U.S.
Coaching For Literacy	We are working together to support the Fight for Literacy Games initiative benefiting school children from kindergarten to 3rd grade. The Fight for Literacy Games empower NCAA basketball coaches, their teams and fans to participate in literacy awareness efforts, volunteer work and fundraising activities.
EPA SmartWay	This is a public-private initiative to reduce greenhouse gas emissions and air pollution created by freight transportation.
Feeding America®	Through Feeding America, the nation's largest domestic hunger-relief organization, we are helping feed America's hungry and to support its national disaster relief efforts.
Forestland Stewards	National Fish and Wildlife Foundation and International Paper created Forestlands Stewards in 2013. The collaboration is working to restore, enhance and protect more than 540,000 acres of U.S. forestland through 10 years of projects.
Natural Capital Coalition	We participate in a global multi-stakeholder collaboration that brings together leading global initiatives and organizations to harmonize approaches to natural capital.
North American Forest Partnership #ForestProud initiative	The initiative, formed by a diverse community of forest stewards, aims to build trust and support to manage, harvest, conserve, and play in North America's forests in ways that address key societal challenges.
Reading is Fundamental	We support Reading is Fundamental's Books for Ownership program, which gives age-appropriate books to first-graders in school districts where our employees live and work, so they can begin building their own home libraries.
The Global FoodBanking Network	We are working with The Global FoodBanking Network (GFN) to expand child-focused programming to feed food insecure and undernourished children in Brazil, Canada, Poland and Spain.
The Nature Conservancy (TNC)®	TNC is a collaborative, science-based non-governmental organization that works to conserve the lands and waters on which all life depends. Our support is making several of TNC's forest sustainability, water stewardship and responsible sourcing projects possible, including a global project focused on reduced-impact logging for carbon (RILC) in Indonesia and Gabon.
The Recycling Partnership	One of 40 leading companies in the program, we are funding partners of this rapidly growing national nonprofit that leverages corporate investment to transform recycling for good in hundreds of communities across the country.
U.S. Department of Energy Better Plants Program	We have committed to reduce energy intensity by 25 percent over a decade across our U.S. facilities.
United Way	We annually conduct more than 80 local United Way campaigns in the U.S. and Canada, enabling employees to donate to their communities in a meaningful way.
World Wildlife Fund (WWF) — Global Forest & Trade Network and Science Based Targets initiative	We participate in the Global Forest & Trade Network, which is focused on eliminating illegal logging and driving improvements in environmentally and socially responsible forest management. We also support WWF's initiative to advance the concept of science-based targets for forests. Our support is also enabling a restoration project in the Mogi Guaçu River basin in Brazil.

Associations Membership

These memberships provide platforms for the company to learn and share information about sustainability and related issues. We consider membership and engagement with the following entities as strategically critical. Beyond membership, we have indicated our level of participation.

ORGANIZATION	DESCRIPTION	PARTICIPATION AT THE GOVERNANCE LEVEL	PARTICIPATION IN PROJECTS OR COMMITTEES
American Forest and Paper Association	National trade association of the forest products industry that advances public policies that promote a strong and sustainable U.S. forest products industry	✓	✓
Association of Russian Pulp and Paper Companies	Non-commercial association established in 1999 by the Russian pulp and paper enterprises and institutes		✓
Blue Green Alliance	Unites America's largest labor unions and its most influential environmental organizations to identify ways today's environmental challenges can create and maintain quality jobs and build a stronger, fairer economy.		✓
Brazilian Forest Certification Programme	Programme for the Endorsement of Forest Certification (PEFC) endorsed Brazilian third-party forest certification system		✓
Brazilian Industry of Trees (Industria Brasileira de Arvores)	Industry association in Brazil responsible for the planted tree production chain, from the field to the industry	✓	✓
Business Roundtable	Association of chief executive officers of leading U.S. companies working to promote sound public policy and a thriving U.S. economy	✓	✓
The Confederation of European Paper Industries	A non-profit organization that represents the paper industry with EU institutions	✓	✓
Corporate Eco Forum	An invitation-only network of Global 500 executives driving innovation in corporate sustainability		✓
Fibre Box Association	Trade association representing North American corrugated packaging manufacturers	✓	✓
Forest Resources Association	Promotes the interests of forest products industry members in the economical, efficient and sustainable use of forest resources	✓	✓
Forest Stewardship Council®	Promotes environmentally sound, socially beneficial and economically prosperous management of the world's forests	✓	✓
Indian Paper Manufacturers Association	Presents a broad-based platform to project Indian paper industry's views and articulate its strategy		✓
International Conservation Caucus Foundation	Promotes the projection of U.S. leadership for international conservation worldwide		✓
National Association of Manufacturers	The largest manufacturing industrial trade association in the United States, representing 11,000 small and large manufacturing companies in every industrial sector and in all 50 states		✓
National Council for Air and Stream Improvement	Independent, non-profit research institute that focuses on environmental and sustainability topics relevant to forest management and the manufacture of forest products	✓	✓
National Fish and Wildlife Foundation	Works with both the public and private sectors to protect and restore fish, wildlife, plants and habitats		✓

ORGANIZATION	DESCRIPTION	PARTICIPATION AT THE GOVERNANCE LEVEL	PARTICIPATION IN PROJECTS OR COMMITTEES
National Industrial Transportation League	The largest manufacturing industrial trade association in the United States, representing 11,000 small and large manufacturing companies in every industrial sector and in all 50 states	✓	
ORCHSE Strategies, LLC	Premier global family of health, safety, and environmental networks for industry leaders		✓
Paper and Packaging Board	A commodity checkoff program overseen by the U.S. Department of Agriculture (USDA); it oversees the work of the 'Paper & Packaging – How Life Unfolds' campaign designed to increase demand for paper and paper-based products	✓	✓
Programme for the Endorsement of Forest Certification	International non-profit, non-governmental organization dedicated to promoting sustainable forest management	✓	✓
Pulp and Paper Safety Association	Non-profit international organization devoted to the continuous improvement of safety throughout all aspects of the paper industry		✓
Sustainable Forestry Initiative®	Promotes sustainable forest management, improved forestry practices and responsible purchasing of forest products	✓	✓
Two Sides, North America and Europe	Promotes the sustainability of the graphic communications industry and dispels common environmental misconceptions by providing users with verifiable information	✓	✓
World Business Council for Sustainable Development	CEO-led organization of forward-thinking companies that works with the global business community to create a sustainable future for business, society and the environment	✓	✓
World Environment Center	Global non-profit, non-advocacy organization that advances sustainable development through the business practices of member companies and other stakeholders		✓

Public Policy

We believe that public policy and legislation have a significant impact on our success. We stay informed on significant domestic and foreign policies such as business issues, energy, environment, sustainability, tax, trade transportation and others. We have a government relations team in Washington, D.C., various state capitals across the United States and in other countries where we operate. We regularly meet with public officials and policy makers and engage trade and business associations, customers, suppliers, employees, communities and non-governmental organizations on issues of mutual concern. The chart below shows our 2018 focus areas.

[Learn more about our positions on policy issues.](#)

ENERGY DIVERSITY AND EFFICIENCY

We support policies that promote energy diversity and economic development, consistent with our principles of responsible, efficient and sustainable use of natural resources.

BIOMASS CARBON NEUTRALITY

Biomass energy is integral to manufacturing our products and biomass residuals are the primary source of energy in our mills. We urge policymakers to recognize our biomass use as carbon neutral.

RECYCLING

As one of the world's largest recyclers of paper and corrugated packaging, we focus on ensuring that legislation does not hinder our ability to collect, market or process recycled materials.

GLOBAL TRADE

As a major exporter of packaging, pulp and paper, we have a long history of support for bilateral and regional trade agreements that offer substantive economic benefits and provide greater market access for our products.

CORPORATE TAX REFORM

We believe that government corporate tax policy should create and sustain long-term economic growth.

INFRASTRUCTURE

We support government and private investments to upgrade energy, water and transportation infrastructure where we operate.

COMBATING ILLEGAL LOGGING

We are a strong proponent of global efforts to suppress illegal logging and trade. We will continue to play a leadership role in the implementation of the U.S. 2008 Lacey Act amendments and work for their inclusion in future trade agreements to ensure a sustainable worldwide fiber supply.

TRANSPORTATION

As a leading shipper of freight, we support policies that make our truck, port and rail shipments more efficient and competitive.

EXTENDED PRODUCER RESPONSIBILITY

We are committed to market-driven paper and paper-based packaging recovery and recycling efforts. We oppose government mandates that hold producers financially responsible for managing waste from products sold or that require manufacturers to take back products and packaging introduced into the marketplace.

POSTAL REFORM

A healthy, vibrant U.S. Postal Service is important to our industry. Significant reforms are critically needed to improve USPS's balance sheet. Postage rate increases should only be considered in legislation when coupled with comprehensive reforms to the postal system.

PRODUCT BANS

We oppose policies that limit consumer choice by placing a ban or fee on paper products.

WORKFORCE

We support efforts at both the state and federal levels of government to focus on, fund and implement programs that address workforce education, the skills gap and training opportunities.

Political Contributions

We sponsor the International Paper Political Action Committee (IP-PAC) in the United States, which allows eligible employees to voluntarily support political candidates and committees. All IP-PAC reports are available on the Federal Election Commission website.

The Center for Political Accountability publishes an annual report called the CPA-Zicklin Index of Corporate Political Disclosure and Accountability that measures the political transparency and oversight practices of the entire S&P 500. For the second year in a row, International Paper earned the designation of CPA-Zicklin Trendsetter and is one of 50 companies in the S&P 500 to receive the top ranking for political disclosure and accountability due to our voluntary reporting efforts.

We also publish a voluntary report of political contributions on a semi-annual basis. For contribution information please see the governance website at InternationalPaper.com/governance.

GLOSSARY

Assurance

The outcome of an independent verification process, the term is often used interchangeably with the term verification, usually based on specific assurance standards or frameworks.

Biological Oxygen Demand (BOD)

A measure of water quality. Specifically, the amount of oxygen that bacteria will consume while decomposing biologically available organic matter.

Biomass Residuals Energy

Fuel that is developed from organic materials, a renewable and sustainable source of energy used to create electricity or other forms of power.

British Thermal Units (BTU)

The amount of heat energy needed to raise the temperature of one pound of water by one degree Fahrenheit.

The California Transparency in Supply Chains Act 2010

A U.S. law of the state of California that requires large retailers and manufacturers doing business in California to disclose on their websites their efforts to eradicate slavery and human trafficking from direct supply chains — whether in the U.S. or overseas.

Carbon neutral

A process where there is no net release of carbon dioxide. For example, growing biomass takes carbon dioxide out of the atmosphere, while burning it releases the gas again. The process would be carbon neutral if the amount taken out and the amount released were identical over a certain timeframe.

CDP

Formerly known as the Carbon Disclosure Project, a non-profit organization to which International Paper and other companies report their greenhouse gas emissions and water use.

CO₂e, Carbon Dioxide Equivalent

A measure used to compare the emissions when fossil fuels such as coal, oil and gas are burned.

Chain of Custody

Chain of Custody Certification for wood/fiber material and products. Chain of Custody is an information trail about the path taken by products from the forest or, in the case of recycled materials, from the reclamation site to the consumer, including each stage of processing, transformation, manufacturing and distribution where progress to the next stage of the supply chain involves a change of ownership.

Circular Economy

An economic system in which products and services are traded in closed loops or cycles. A circular economy is regenerative by design, allowing for the remanufacturing and recycling of products and materials.

Climate Change

Long-term changes in global temperatures attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods. Global warming is one aspect of climate change.

Community Engagement

A voluntary action or contribution by International Paper, beyond the scope of our normal commercial operations, intended to strengthen the communities in ways that are sustainable.

Containerboard

Paperboard specially manufactured for the production of corrugated board. The term encompasses both linerboard and corrugating medium, the two types of paper that make up corrugated board.

Direct (Scope 1)

All GHG emissions from sources that are directly controlled by International Paper.

eGRID

The Emissions & Generation Resource Integrated Database is a comprehensive source of data on the environmental characteristics of almost all electric power generated in the United States.

EHS

Environment, Health and Safety. International Paper has a global EHS department that identifies significant environmental impacts, sets standards, manages audits and assurance programs and recommends targets to management.

Employment Classifications – U.S.

Exempt Employee:

An employee who is classified as exempt under the Fair Labor Standards Act and does not have to be paid overtime when they work more than 40 hours in a workweek. The three major general exemptions relate to executives, administrative and professional employees and are based on actual job duties and responsibilities.

Hourly Employee:

An employee who is paid by the hour for the number of hours he or she works per week up to 40 hours at a determined rate. Per federal law, hourly workers are entitled to overtime pay for hours worked over 40 hours per work week.

Nonexempt Employee:

An employee classified as nonexempt is entitled to overtime pay under the Fair Labor Standards Act at a rate of one and one-half the employee's regular rate of pay for each hour worked in excess of 40 hours per week.

Energy Efficiency

Using less energy to provide the same outcome, often at a lower cost and with reduced environmental impact.

EU Timber Regulation

The EU Timber Regulation helps to reduce illegal logging by ensuring that no illegal timber or timber products can be sold in the European Union (EU). It prohibits operators in Europe from placing illegally harvested timber and products derived from timber on the EU market.

Fair Labor Standards Act (FLSA)

The U.S. federal law known as the Fair Labor Standards Act (FLSA) establishes, among other things, the federal minimum wage and hour requirements for employee work time and eligibility for overtime pay for certain types of employees. Under the FLSA, employees are divided into two groups: exempt employees and non-exempt employees. Exempt employees are exempt from the time-keeping rules and are not eligible for overtime pay under the FLSA. Non-exempt employees are entitled to overtime pay and are subject to the time-keeping rules of the FLSA. The FLSA is enforced by the U.S. Department of Labor.

Fluff Pulp

A chemical pulp that is usually made of bleached cellulose fiber obtained from wood that has long fibers. This pulp is used as the absorbent core in products like baby diapers, sanitary pads and incontinence pads.

The Foreign Corrupt Practices Act

A U.S. federal law that addresses accounting transparency requirements and the bribery of foreign officials.

Fossil Fuels

Solid, liquid or gaseous fuels formed in the ground over millions of years by chemical and physical changes in plant and animal residues under high temperature and pressure (i.e., gas, oil, coal, peat and lignite).

Global Reporting Initiative (GRI)

A multi-stakeholder process and independent institution whose mission is to develop and disseminate globally applicable sustainability reporting guidelines.

Greenhouse Gas (GHG)

A gas in the atmosphere that absorbs and emits infrared radiation.

Indirect (Scope 2)

Emissions that result from the activities of International Paper, but are generated at sources owned or controlled by another organization. Indirect emissions refer to GHG emissions from the generation of electricity, heat or steam that is imported and consumed by International Paper.

International Paper APPM Limited

Commonly referred to as IP India. In 2011, International Paper established presence in India by acquiring 75 percent shareholding in International Paper APPM Limited (IP APPM), formerly known as The Andhra Pradesh Paper Mills Limited.

The IP Way

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 Forward

Our strategic framework to pursue our vision to be among the most successful, sustainable and responsible companies in the world. The IP Way Forward is how we go beyond just doing the right things; it's how we create value for all stakeholders for generations to come.

LIFE

An International Paper safety initiative that is an acronym that stands for Life-changing Injury and Fatality Elimination. Our LIFE program is designed to eliminate serious, life-changing injuries and fatalities.

Lost Work Day Incidents

A work-related injury where the injured employee cannot return to work on their next scheduled work day, due to the nature and/or severity of the injury. Only regularly scheduled workdays are measured as lost days.

Material Aspects

Issues that reflect the organization's significant economic, environmental and social impacts or that would substantively influence the assessments and decisions of stakeholders.

Materiality Analysis

An analysis that scans, identifies and reviews sustainability issues that are of the highest concern to our stakeholders and that could significantly affect our company's ability to execute its business strategy.

Natural Capital Protocol

A standardized framework that offers a comprehensive approach to identify, measure and value our impacts and dependencies on natural resources.

Non-Governmental Organization (NGO)

A not-for-profit group, principally independent from government, which is organized on a local, national or international level.

NO_x

NO_x is a generic term for the mono-nitrogen oxides NO and NO₂ (nitric oxide and nitrogen dioxide). NO_x form when fuel is burned. In the atmosphere, NO_x can contribute to the formation of photochemical ozone (smog) and have health consequences.

Old Corrugated Containers (OCC)

Recovered corrugated boxes that can be used to make recycled containerboard and other products.

OSHA

The Occupational Safety and Health Administration is a federal agency of the U.S. that regulates workplace safety and health.

PAC

Political Action Committee. A group or committee formed to financially support political candidates for ballot initiatives or legislation in the U.S.

Paperboard

Paper to which a coating has been applied on one or both sides, using a mix of clay or carbonates and latex to create a high quality printing surface.

Paris Climate Agreement**(French: Accord de Paris)**

An agreement within the United Nations Framework Convention on Climate Change (UNFCCC) dealing with GHG emissions mitigation, adaptation and finance starting in the year 2020.

Particulate Matter (PM)

Mixture of solid particles and liquid droplets found in the air. Examples include dust, dirt, soot and smoke. They have impacts on climate and precipitation that adversely affect human health.

Precautionary Principle

The approach whereby any possible risk associated with the introduction of a new technology is avoided, until a full understanding of its impact on health, environment and other parameters is available.

Product Stewardship

The responsible management of the health, safety, and environmental aspects of a product throughout all stages of its life cycle — raw materials, design, production, sale, usage and end-of-life — to prevent or minimize negative impacts and maximize value.

Renewable Resources

Any natural resource that can replenish itself naturally over time, such as wood or solar energy.

SO₂

Sulfur dioxide is a gas formed when fuels that contain sulfur, such as oil and coal, are burned. Sulfur dioxide contributes to the acidification of soil and water and often has a strong smell.

Stakeholders

Individuals or groups that affect or are affected by the activities of a company.

Sustainability

A business model that creates value consistent with the long-term preservation and enhancement of social, financial and natural capital. Meeting the needs of the present without compromising the ability of future generations to meet their needs.

Tier One Supplier

A Tier 1 supplier diversity 'spend' represents the direct relationship between a company and its diverse supplier.

Turnover

The percentage of employees who have voluntarily or involuntarily left their employment during the reporting year.

UK Bribery Act

An act of the Parliament of the United Kingdom that covers the criminal law relating to bribery. The act makes it an offense for a United Kingdom citizen or resident to pay or receive a bribe, either directly or indirectly. The act provides for transactions that take place in the UK and abroad, and in both the public and private sectors.

UK Modern Slavery Act

An act of the Parliament of the United Kingdom that requires commercial organizations, supplying either goods or services, that carries on a business or part of a business in the UK, and has an annual turnover of £36 million, to produce a statement outlining actions taken to combat modern slavery in their supply chains.

U.S. Lacey Act

A U.S. conservation law that prohibits trade in wildlife, fish and plants that have been illegally taken, possessed, transported or sold.

Value Chain

Our suppliers (and potentially their suppliers), our operations, our distribution channels and our customers, who are the end users of our products. Our supply chain is a subset of this.

CUSTOM GRI CONTENT INDEX

This GRI Content Index is provided to assist readers in understanding how our report aligns with the GRI Sustainability Reporting Standards. This index includes Core indicators as well as a number of additional indicators that we have determined are relevant to our business. This report follows the updated GRI standards, our 2014 and 2015 reports used the GRI G4 Guidelines. We continue to evaluate issues that are material to our company and expand our disclosures. We report on an annual basis. Our previous report was published in July 2018. Financial information and disclosures can be found in our [2018 Annual Performance Summary](#).

All data are reported as of Dec. 31, 2018, unless otherwise stated. Data are included from all global operations. We do not collect data on any joint venture in which we do not have a controlling interest. In some cases our 2010 baseline data, as well as other historical data, have been restated to reflect acquisitions and joint ventures where International Paper has a controlling interest. Where appropriate, we report historical data for comparative purposes, as well as data normalized to metric tons of production for a given year. We do not provide external assurance.

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OUR GLOBAL TEAM IS COMMITTED TO:

STRENGTHENING OUR
PEOPLE

AND THE COMMUNITIES WHERE WE
LIVE AND WORK

**USING ALL
RESOURCES
RESPONSIBLY
AND EFFICIENTLY**

ENSURING OUR BUSINESSES ARE
**SAFE, SUCCESSFUL AND
SUSTAINABLE
FOR GENERATIONS TO COME**



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