



2017 Global Citizenship Report

INTERNATIONAL  PAPER

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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 2017 calendar year, and data are accurate as of December 31, 2017.

This report is supplemented by our Company Overview, 2017 Annual Performance Summary and information available at internationalpaper.com. 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.

Letter from our CEO and Chairman

Our global team is committed to:

- Strengthening our people and the communities where we live and work,
- Using resources responsibly and efficiently,
- Ensuring our businesses are safe, successful and sustainable for generations to come.

The IP Way Forward is our framework to engage, align and inspire our employees around the world. We use this framework to drive results, enrich our culture, attract the next generation of talent and strengthen our reputation as a leader in the packaging, pulp and paper industry.

The IP Way Forward consists of five Strategic Drivers:

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.

Innovative Products

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

Inspired Performance

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



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.

”

We identify global trends that are material to our company and focus on issues where we can make the greatest contributions.”

PROGRESS

In 2017, we accelerated our progress toward achieving our Vision 2020 Goals. With respect to safety, we increased our focus on preventing accidents, added layers of protection and continued to pursue a culture of caring for each other. This comprehensive approach resulted in a 57 percent decrease in serious injuries versus our 2010 baseline. We recognize that engagement, collaboration and an unwavering commitment among all employees and contractors are critical to keeping people safe and achieving an injury-free workplace.

We remain committed to keeping forestland forested and maximizing fiber use, recovery and reuse. Since 2010, we have increased our volume of third-party certified fiber by 34 percent, reduced fiber losses in our manufacturing processes, and increased the collection of recovered fiber by 23 percent.

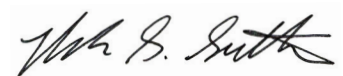
We continue to minimize our use of fossil fuels by generating nearly 75 percent of the energy used in our mills from renewable biomass residuals. And, by improving our manufacturing efficiencies, we reduced our purchased energy usage by more than nine percent. Since 2010, we reduced air emissions by 27 percent and we exceeded our greenhouse gas (GHG) emissions goal by realizing a 21 percent reduction.

We continue to advance our water stewardship efforts. We have reduced mill discharges of oxygen-depleting substances by 23 percent versus our 2010 baseline. Also, we are refining our water stewardship model to enable more accurate assessments of our watershed impacts and to identify opportunities to improve our water footprint.

We remain committed to contributing to the sustainability of our communities and we mobilize our people, products and resources to address critical community needs. In 2017, we contributed \$19.3 million to address our Global Signature Causes: education, hunger, health & wellness, disaster relief, air, water, forests and responsible sourcing.*

GLOBAL CITIZENSHIP

We recognize our social, environmental and economic responsibilities to our stakeholders. We identify global trends that are material to our company and focus on the issues where we can make the greatest contributions. Our global citizenship efforts and Vision 2020 Goals are aligned with the United Nations' Sustainable Development Goals and help us pursue our vision to be among the most successful, sustainable and responsible companies in the world.



Mark S. Sutton, Chairman and CEO

*Includes \$ 3.2M in donations from our employees

Pursuing our vision to be among the most successful, sustainable and responsible companies in the world

2017 HIGHLIGHTS

Sustaining Forests

- Named an **American Forest & Paper Association 'Better Practices, Better Planet 2020' Sustainability Award winner** for Certified Forest Management LLC, our Forest Stewardship Council forest management group.
- Earned top honors in **PR Daily's 2017 Corporate Social Responsibility Awards** for Forestland Stewards, our collaboration with the National Fish and Wildlife Foundation.
- Launched the **Carolinas Working Forest Conservation Collaborative** along with the American Forest Foundation, 3M and Procter & Gamble.

Investing in People

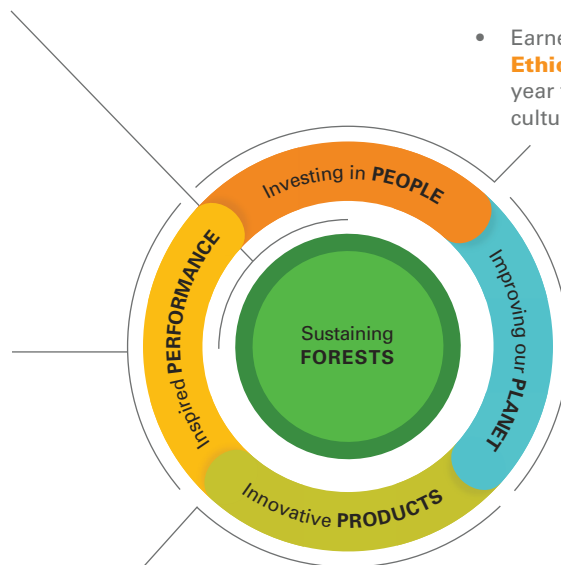
- Experienced a **57 percent reduction** in serious safety incidents versus our 2010 baseline.
- Initiated the MyView employee engagement survey to gather input from our colleagues on company strengths and improvement opportunities. **Eighty-nine percent of our global team members completed surveys.**
- Appointed our first **Chief Diversity Officer** to guide our progress as we promote a culture of inclusion where individuals feel respected, are treated fairly and have an opportunity to do their best work every day.
- Earned **Ethisphere Institute's "World's Most Ethical Companies®"** award for the 12th consecutive year through our continuous focus on improving our culture of ethics and integrity.

Inspired Performance

- Eighth consecutive year** of above cost-of-capital returns.
- Sixth consecutive year** of dividend increases.
- Achieved **\$155 million** in synergies from our Global Cellulose Fibers business, closing the year at a \$205 million run rate and **exceeding our target one year ahead of plan.**

Innovative Products

- Our **THRIVE®** product line provides a more environmentally friendly solution for reinforced plastic composites. THRIVE is used in automotive and other applications to replace glass fiber with a lighter, renewable material.
- EConTray®** is a sustainable corrugated packaging solution designed to improve logistics of packing and shipping protein, fruit and vegetables. It contributes to a **27 percent reduction in CO₂ emissions** during road transportation, as more trays fit onto a pallet and more product fits into each tray.



THE IP WAY FORWARD

Improving our Planet

- Achieved a **21 percent reduction** in greenhouse gas (GHG) emissions and a **27 percent reduction** in other air emissions since 2010.
- Piloted **the Natural Capital Protocol framework** to advance our understanding of our company's impacts and dependencies on water.
- Expanded and deepened our **supply chain sustainability program** based on transparency, risk management and partnerships.

Vision 2020 Goals Progress

We recognize the importance of aligning our businesses with the needs of the world around us and we are committed to continuous improvement relative to our sustainability goals. We set 12 voluntary goals with a 2010 baseline aimed at improving our impact on people and the planet, and are pleased to share our progress. We are on track to meet or exceed all of our original goals by 2020 with the exception of our solid waste goal.



Sustaining Forests



FIBER CERTIFICATION

34% increase
in certified fiber volume

Goal: Increase third-party certified fiber by 35%



RECYCLING

23% increase
in recovery of OCC

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

Investing in People



SAFETY

57% reduction
in serious safety incidents

Goal: Injury-free workplace



COMMUNITY ENGAGEMENT

\$19.3 million donated
to charitable organizations in 2017*

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

9.2% improvement
in purchased energy efficiency

Goal: Improve efficiency in purchased energy use by 15%



SUPPLY CHAIN

Expanded Supplier Code of Conduct coverage globally; continued risk assessment for key purchases; implemented targeted supplier surveys and audits

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



WATER STEWARDSHIP

Piloted the Natural Capital Protocol to assess the true value of water; continued annual stakeholder and facility water risk assessments

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



FIBER EFFICIENCY

0.71% fiber loss
from reporting mills

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



GHG EMISSIONS

21% reduction
in GHG emissions

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



AIR EMISSIONS

27% reduction
in air emissions

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



WATER QUALITY

23% decrease
in oxygen-depleting substances

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



SOLID WASTE

9% reduction
in manufacturing waste to landfills

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

*Includes \$ 3.2M in donations from our employees

DESCRIPTION OF KEY IMPACTS, RISKS AND OPPORTUNITIES

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 the planet. We believe protecting and enhancing forestland is vital to the long-term prosperity of our company, our communities and the planet. Our industry plays a critical role in supporting employment and business opportunities while promoting the long-term sustainability of the resources we use.

Advancements in technology and emerging consumer trends continue to impact how people view and value forests around the globe. From rising demand for e-commerce 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.

By identifying global trends material to our business, we focus our 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. In 2017, we observed global initiatives such as the United Nations' Sustainable Development Goals (SDGs) accelerate cross-sector action on sustainability. We demonstrate our alignment with key SDGs through activities throughout our value chain, partnerships and community engagement initiatives.

Natural Resource Impacts and Dependencies

Our business depends upon the responsible management of the forests and watersheds where we source our wood fiber. The majority of our mills source water from local water resources. We actively engage with stakeholders in our communities to address water-related issues and resiliency concerns within each watershed where we operate. We actively recover material at the end of use and incorporate it into our material stream for manufacturing new products.

Because we recognize that land change due to deforestation and conversion can negatively affect forest ecosystems, we 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 World Wildlife Fund Global Forest & Trade Network, which is focused on eliminating illegal logging and promoting environmentally and socially responsible forest management.

Climate Change

Climate change impacts our business, directly and indirectly as a result of policy requirements and stakeholder expectations. Our primary actions are to improve our energy efficiency, maximize the use of renewable energy versus fossil fuels when feasible, practice and promote responsible forest stewardship through our sourcing policies and practices, and to increase our use of recovered fiber. Our efforts to advance sustainable forest management and restore

forest landscapes are an important lever for mitigating climate change through carbon storage in forests. We also produce renewable and recyclable products that enable our customers to reduce their carbon footprints, meet their sustainability goals and promote a low-carbon economy.

Increased Transparency and Public Awareness

Our world is more connected than ever. The internet, social media and mobile technology enable information communication at the push of a button. This impacts how we set our strategy and communicate to key stakeholders. We promote transparency by disclosing company and sustainability performance regularly, engaging with a wide range of internal and external stakeholders and reporting progress toward our Vision 2020 goals.

Business and Human Rights

International Paper promotes human rights through our actions and values. We do not tolerate child labor, 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 our Code of Conduct, The IP Way Forward and our company policies. With more than 100,000 suppliers worldwide, we endeavor to strengthen our supply chain through monitoring, surveying and auditing. At a minimum, 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 addressing critical needs in the communities where our employees live and work. Following disasters such as the 2017 hurricanes, floods and fires, International Paper and our employees had the opportunity to help disaster victims with donations of funds, products and volunteer hours. Through the generosity of International Paper and its employees, \$800,000 was given to more than 700 employees for disaster relief in 2017, and the International Paper Foundation contributed \$4.5 million to U.S. nonprofit community organizations.

Workplace Safety

At International Paper, we believe that an injury-free workplace is possible. In 2017, we operated the entire year without the loss of a single life, but we will never finish working to improve the safety and well-being of our employees, visitors and suppliers. Our strategy includes approaches to analyze safety data to prevent accidents and empower all employees to identify hazards and to stop work to prevent accidents.

Alignment with the United Nations' Sustainable Development Goals

As the world becomes increasingly crowded and resource constrained, we continue to seek sustainable solutions. By identifying global trends material to our business, we focus on the issues where we can have the greatest impact.

The United Nations' Sustainable Development Goals (SDGs) act as catalysts for change. We mapped our Global Citizenship strategy to the SDGs and identified several of our Vision 2020 Goals that align with the SDGs, benefiting society, the planet and our company. Although we may contribute to many of the SDGs to a greater or lesser degree, we have identified nine which have particular resonance given the nature, scale and reach of our company.





We provide volunteers, products and financial support to help alleviate hunger in the communities where we live and work.

EXAMPLES:

- In addition to a \$1.25 million grant to the **Mid-South Food Bank**, International Paper is providing more than 250,000 custom corrugated boxes and monthly volunteers. The on-going box donations enable the Food Bank to address food insecurity in 31 counties surrounding Memphis, Tennessee.
- Many disasters result in widespread devastation leaving communities without food. We donated custom disaster-relief boxes to help the **Feeding America** network of food banks pre-stage in several communities to prepare for the aftermath of a disaster. We also provide volunteers and financial support – most recently with a \$1 million donation.



The future of our communities depends on the children, and therefore, we support strategic partners that focus on helping children succeed via a comprehensive approach to education. Literacy, particularly from birth through third grade, is a priority because it forms the foundation for all childhood learning.

EXAMPLES:

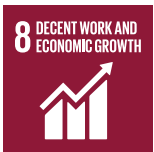
- We work with **Coaching for Literacy** to support the Fight for Literacy Games initiative benefiting schoolchildren. Fight for Literacy Games empower NCAA basketball coaches, their teams and fans to participate in literacy awareness efforts, volunteer work and fundraising activities.
- We provide 6,300 Shelby County students with summer learning loss prevention kits, and we support training and development for parents of 100,000 students through the **Shelby County Schools Parent Institute**. Held quarterly, the Institute aims to increase parent involvement in the schools and empower them by providing a defined structure in the learning process.



Sustainable water management at International Paper means improving efficiency and mapping water risks.

EXAMPLES:

- A cross-functional project team of International Paper colleagues, working together with third-party experts, developed a **Water Valuation Model** using the Natural Capital Protocol. In 2017, we piloted the framework at one of our mills to assess the true value of water as an input for strategic decision-making.
- 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 **fresh water to villages** and educational institutions that would have otherwise struggled to gain access.



We provide decent work and fair wages, and we expect our suppliers to adhere to our supplier code of conduct.

EXAMPLES:

- Our **Formare School Project**, developed by Fundação Iochpe (social franchise), offers professional education courses for young people from low-income families, with certification recognized by the Ministry of Education and issued by the Federal University of Technology – Paraná. Over the last 10 years at International Paper Institute Brazil, more than 300 students have completed the program. In 2017 alone, the Formare Project trained approximately 50 young people for the job market.
- We pledged \$1.5 million to sponsor a program at the **Mississippi State University Bagley College of Engineering** to improve the recruitment, retention and graduation of minority engineering students, and to increase the number of diversity engineers hired by International Paper. We sponsor the Summer Bridge program and provide individual scholarships to diverse engineering candidates; we also established the IP Engineering Living Learning Community, the IP Design Suite and the IP Engineering Study Lounge, in addition to sponsoring the Engineering Diversity Office.



We engage to make cities more competitive, safe, resource-efficient, resilient and inclusive.

EXAMPLES:

- We contributed EUR 100 million to renovate the **Svetogorsk Hospital**, ensuring residents are served by a modernized medical facility. Our donation updated the emergency, intensive care, surgery, therapeutic medicine, gynecology, maternity and out-patient care units. It also led to a new patient reception area, water pipes, heating, ventilation and electrical wiring replacement, and a modern computer network.
- We support the **American Red Cross** "Sound the Alarm" program, a series of home fire safety and smoke alarm installation events in high-risk areas nationwide. International Paper provides financial support to help cover the cost of smoke alarms and provides volunteers to help educate people about home fire safety.
- Each year, International Paper conducts more than 80 local **United Way** campaigns raising more than \$4.7 million across North America through employee pledges, special events and our 60 percent company match.



We are committed to responsible sourcing, consumption and recycling, and we promote the responsible use, recovery and recycling of our products.

EXAMPLES:

- **EConTray** is sustainable corrugated packaging designed to improve the packing and shipping of protein, fruits and vegetables. It translates into 27 percent less CO₂ emissions during transportation as more product fits into each tray and more trays fit onto a pallet.
- **NatureShield** is an innovative plant-based coating that provides strong protection for high-moisture environments. It is a replacement to curtain coated wax and is recyclable.
- Our **THRIVE**[®] product line provides a more environmentally friendly solution for reinforced plastic composites. THRIVE is used in automotive and other applications to replace glass fiber with a lighter, renewable material.



Forests mitigate climate change because they absorb carbon. We support responsibly managed, working forests around the globe and have set targets to reduce greenhouse gas and air emissions. We generate nearly 75 percent of our mill energy from biomass residuals rather than fossil fuels.

EXAMPLES:

- **Short-rotation biomass plantations** are helping to support the EU's Renewable Energy Directive, which aims to achieve 20 percent renewable energy by 2020. The plantations provide an alternative for low-grade idle land and additional revenue for local farmers. When situated close to mills, the carbon footprint of plantations is even lower due to reduced fuel used in transportation.
- **Forestland Stewards** works with a variety of stakeholders — private landowners, government agencies and conservation groups — to develop science-based conservation business plans to guide conservation investments. In 2017, International Paper renewed the partnership by pledging \$10 million over the next five years. The renewed program will restore, protect and enhance an additional 300,000 acres of forest habitat, for a total conservation impact of more than 560,000 acres.



We are a global leader in responsible forestry. We work with landowners and suppliers to advance credible third-party certification to ensure the responsible management of our fiber supply and to grow our fiber sourcing from certified forests.

EXAMPLES:

- The **Saillat Forest Trail** takes visitors on an active introduction to sustainable forestry management practices. The trail explains the forest ecosystem and its three essential roles: economic, social and environmental. Featuring a lake and planted with a wide variety of tree species, the trail explores themes in seven key areas.

- Through the **Carolinas Working Forest Conservation Collaborative**, International Paper has teamed up with American Forest Foundation, The Procter & Gamble Company and 3M Company to educate and engage private land owners in sustainable forestry, forest certification, the enhancement of habitat for at-risk species, and the conservation of bottomland hardwood forests.
- We donated \$1 million to **Shelby Farms Park Conservancy** to create a Wetland Walk and a Forest Walk. The International Paper Wetland Walk allows visitors to get close to the newly restored wetlands along the lake's edge, study native plants and observe the wildlife drawn to this unique habitat. The Forest Walk takes visitors through a different habitat, the cypress swamp, to observe the native plants and animals that live in the shade.



We recognize we cannot tackle these challenges alone, and by sharing knowledge and pooling resources we can accelerate change.

EXAMPLES:

- Since 2013, International Paper and World Wildlife Fund (WWF) have worked together through WWF's Global Forest & Trade Network-North America program to advance our shared goal of driving responsible forestry around the globe. Through our ongoing and expanding project scope, we will continue to advance our shared goal of sustaining global forests in a way that promotes responsible fiber supply, benefits biodiversity and climate, and supports communities where we live and work.
- As a byproduct of the process of transforming wood into pulp and paper, tree bark is burned to produce energy. We work with **Cendrecor** to supply French farmers with the resulting ash, which acts as a natural fertilizer. Today, approximately 100 farmers apply this product to 10,500 hectares of agricultural land. This has decreased their dependence on pesticides, resulting in numerous environmental and societal benefits for the region.

Organizational Profile

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NAME OF THE ORGANIZATION

International Paper Company

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ACTIVITIES, BRANDS, PRODUCTS AND SERVICES

International Paper is one of the world's leading producers of renewable, fiber-based packaging, pulp and paper. We transform renewable resources into recyclable products that people depend on every day. We create packaging products that protect and promote goods, enable worldwide commerce and help keep consumers safe, pulp for diapers, tissue and other personal hygiene products that promote health and wellness, and papers that facilitate education and communication.

Industrial Packaging

International Paper is one of the world's premier manufacturers of containerboard and corrugated packaging. Our containerboard mills, box plants and other converting operations allow us to sustainably meet our customers' most challenging sales, shipping, storage and display requirements.

Industrial packaging also includes our North American recycling business, which recovers, processes and sells several million tons of recovered corrugated packaging and paper annually.

Global Cellulose Fibers

International Paper is a premier producer of fluff pulp for absorbent hygiene products like baby diapers, feminine care, adult incontinence, and other non-woven products, as well as market pulp used for tissue and paper products. Our innovative, specialty pulps are used for non-absorbent end uses including textiles, filtration, construction material, paints and coatings, reinforced plastics and more.

Our cellulose fibers products serve diverse, global customers who share a common need for confidence in the quality and convenience of personal hygiene and household products, and who value innovative solutions.

Printing Papers

International Paper's global papers businesses manufacture a wide variety of uncoated papers for commercial printing, imaging and converting market segments. Customers rely on our signature brands including Accent[®], Chamex[®], Hammermill[®], POL[™], PRO-DESIGN[®], by George[®] and Rey[®] to communicate, advertise, educate and inform.

Consumer Packaging*

International Paper's global coated paperboard business produces high-quality coated paperboard for a variety of packaging and foodservice applications. In addition to coated paperboard, consumer packaging includes our foodservice business, which produces paper cups, food containers and lids.

Our consumer packaging businesses collaborate with customers across a wide range of market segments to meet consumer-driven demand for high-quality, sustainable and innovative products.

**On Jan. 1, 2018, we transferred our consumer packaging business to a subsidiary of Graphic Packaging Holding Company. We hold a 20.5 percent ownership interest in the subsidiary.*

102-3

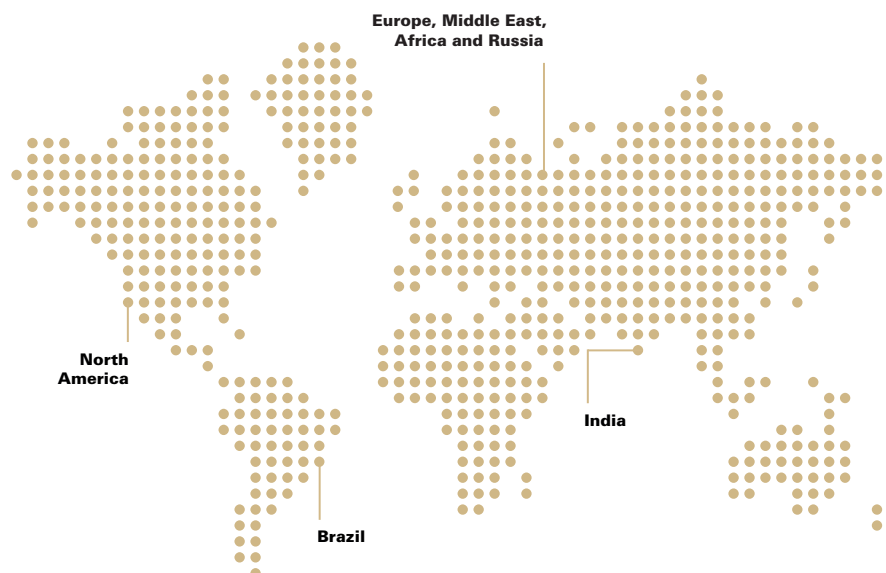
LOCATION OF HEADQUARTERS

Memphis, Tennessee, U.S.A.

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LOCATION OF OPERATIONS

We operate in more than 24 countries, with manufacturing operations in North America, Latin America, Europe, North Africa, India and Russia.



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OWNERSHIP AND LEGAL FORM

International Paper Company is a publicly traded company listed on the New York Stock Exchange (IP). The Certificate of Incorporation was filed with the Department of State of New York on June 23, 1941, and was most recently amended, restated and filed on May 17, 2013.

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MARKETS SERVED

Asia

International Paper Asia's businesses include the distribution of pulp and kraft linerboard and other paper/packaging materials, and the procurement of equipment and materials for the company's global network.

Europe/Middle East/Africa (EMEA)

Our regional headquarters is in Brussels, Belgium. We 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.

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; pulps for hygiene products, paper 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 fiber mill in Mexico and one pulp mill in Canada.

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SCALE

In 2017, International Paper employed 56,000 people at nearly 300 locations. Net sales were \$22 billion and shipments were 27.2 million tons. Total capitalization was \$17.3 billion, including \$10.8 billion in long-term debt and \$6.5 billion in total shareholder equity. International Paper's total assets were \$33.9 billion.

In the United States, we operate 29 pulp, paper and packaging mills, 170 converting packaging plants, 16 recycling plants and three paper bag facilities. In Canada, Europe, India, Latin America and North Africa, we operate 16 pulp, paper and packaging mills, 47 converting and packaging plants, and two 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.

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EMPLOYEES AND OTHER WORKERS

In 2017, International Paper employed 56,000 people working in manufacturing, converting, sales

and various office locations. Nearly 36,000 employees are in the United States. Our workforce represents more than 100 ethnicities, countries and nationalities. In 2017, 18 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.

Region by Gender

	MALE	FEMALE	TOTAL
North America	82%	18%	38,624
EMEA	77%	23%	10,063
South America	86%	14%	5,593
India	97%	3%	1,984
Asia	33%	68%	200

Region by Age

	UNDER 31	31-40	41-50	51-60	OVER 61
North America	20%	20%	25%	28%	7%
EMEA	18%	27%	30%	23%	2%
South America	33%	36%	22%	9%	1%
India	14%	28%	30%	28%	0%
Asia	29%	34%	27%	8%	2%

SUPPLY CHAIN

Our global supply chain sustainability team creates, evaluates and implements compliance and risk management strategies. The principles of our Supplier Code of Conduct (“Supplier Code”) are our standard for safe and respectful workplace conduct and ethical business practices. We expect our business partners to share our values and principles as described in our Supplier Code.

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**

Our Supplier Code is part of standard contracts for suppliers and included in our purchase order terms. If suppliers fail to comply with the law or do not address contractual non-compliance in a timely manner, we reserve our contractual rights to terminate relationships with them. A supplier’s compliance with the Supplier Code – or with its own code of conduct, if it contains similar ethical principles – is an essential factor in our decision to enter into a business relationship with them or extend an existing one. We also require suppliers to promote the principles of our Supplier Code to their own suppliers, contractors and laborers.

Our Suppliers and What They Supply

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

Our supply chain sustainability strategy is based on our Supplier Code and supported by three complementary drivers:

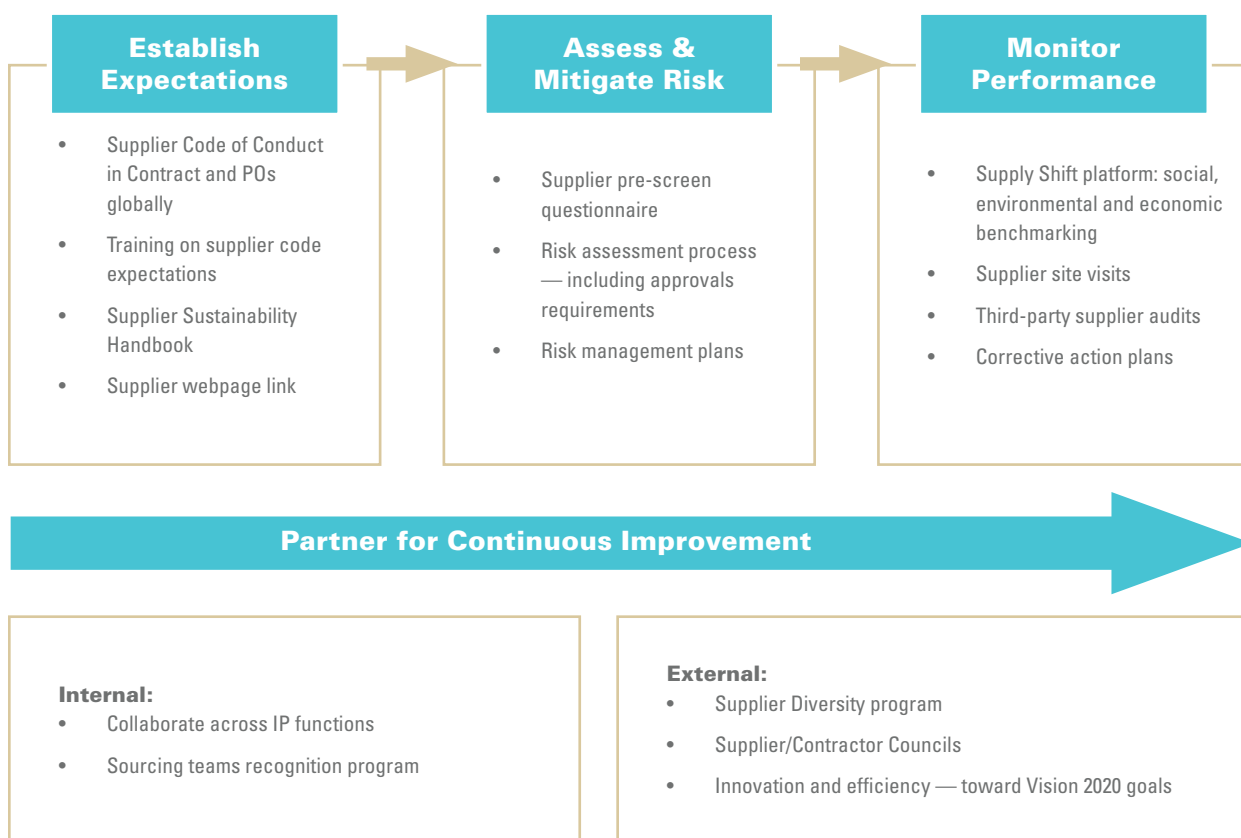
Promoting Transparency	We establish and improve processes that drive openness and accountability.
Enhancing Risk Management Processes	We reinforce legal, ethical and business expectations and monitor compliance.
Strengthening Partnerships	We focus on collaboration, innovation and deliberate improvement in supplier relationships.

Communication and Training

Approximately 80 percent of our contracted spend includes a commitment from suppliers to comply with the principles in our Supplier Code. Training is available in eight languages and is required for our global sourcing employees. We also provide them with literature and other materials to share with our suppliers. Our Supplier Code is on our [company website](#) and is available in 16 languages.

Pre-Contract Risk Assessment

As part of International Paper's strategic sourcing process, we conduct a pre-contract risk assessment based on the principles and expectations outlined in our Supplier Code. The assessment provides transparency and highlights areas of potential social, environmental and financial risk, including countries of operation, safety, government interfacing, supply security, cyber security, violations of laws and contract terms. We send a questionnaire to suppliers during the proposal request process asking specific questions about their supply chain and operations. The assessment is a key component of our supplier evaluation and touches a large portion of spend in our supply chain.



Post-Contract Supplier Monitoring

We conduct a post-contract supplier sustainability assessment through Supply Shift, a third-party software provider. The survey provides insight into a supplier’s performance across environmental, social and economic areas, as well as its compliance with our Supplier Code principles. The Supply Shift platform provides feedback, including anonymized data for suppliers to measure their results against other International Paper suppliers. The survey results lead to targeted Sedex Members Ethical Trade Audits (SMETA) through another third-party provider, Bureau Veritas. In 2017, we surveyed 78 high-priority suppliers representing approximately 11 percent of our total spend. We work with selected suppliers on the findings and any proposed corrective actions to make sure they are compliant with our expectations.

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 that account for more than 95 percent of our total ton-miles in North America. International Paper is proud to be a registered SmartWay shipper. Our Strategic Carrier Council fosters strong alignment between International Paper and nine strategic transportation carrier partners in the areas of industry trends, legislation, risk management, safety and sustainability. The council has been in place for three years, and it helps create beneficial value, increase transparency and position International Paper as a shipper of choice.



SUPPLY CHAIN PROGRESS

Expanded Supplier Code of Conduct coverage globally; continued risk assessment for key purchases; implemented targeted supplier surveys and audits

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

102-10

SIGNIFICANT CHANGES

- In June, we acquired Europac’s Tangier box plant in Morocco.
- In September, we divested our foodservice business in China to Huhtamaki Hong Kong Limited.
- In October, International Paper signed a definitive agreement to transfer its North America Consumer Packaging business, which includes its North American Coated Paperboard and Foodservice businesses, to a subsidiary of Graphic Packaging Holding Company. We receive a 20.5 percent ownership interest in a subsidiary of Graphic Packaging Holding Company that holds the assets of the combined business. This transaction was completed on Jan. 1, 2018.

We do not believe there will be a significant change in the location of suppliers or the structure of the supply chain.

102-11

PRECAUTIONARY APPROACH OR PRINCIPLE

We apply a risk-based approach to help prevent negative outcomes. 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.

102-12

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
EPA SmartWay	This is a public-private initiative to reduce greenhouse gas emissions and air pollution created by freight transportation.
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.

ENTITY OR INITIATIVE	PURPOSE/COMMITMENT
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.
CDP	We track global greenhouse gas emissions, fiber sourcing, water use and supply chain initiatives through CDP.
Third-party forest certification standards including FSC®, SFI®, American Tree Farm, CERFLOR, PEFC	We subscribe to principles or standards including sustainable harvest levels prompt reforestation, conservation of biodiversity, protection of water quality and respect for indigenous peoples' rights.
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.
World Business Council for Sustainable Development (WBCSD)	We are one of 200 leading businesses working together to accelerate the transition to a sustainable world by focusing on the maximum positive impact for shareholders, the environment and society.
World Wildlife Fund – Global Forest & Trade Network	We participate in this global program focused on eliminating illegal logging and driving improvements in environmentally and socially responsible forest management.

MEMBERSHIP OF ASSOCIATIONS

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	X	X
Association of Russian Pulp and Paper Companies	Non-commercial association established in 1999 by the Russian pulp and paper enterprises and institutes		X
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		X

ORGANIZATION	DESCRIPTION	PARTICIPATION AT THE GOVERNANCE LEVEL	PARTICIPATION IN PROJECTS OR COMMITTEES
Brazilian Forest Certification Programme	Programme for the Endorsement of Forest Certification (PEFC) endorsed Brazilian third-party forest certification system		X
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	X	X
Business Roundtable	Association of chief executive officers of leading U.S. companies working to promote sound public policy and a thriving U.S. economy	X	X
The Confederation of European Paper Industries	A nonprofit organization that represents the paper industry with EU institutions	X	X
Corporate Eco Forum	An invitation-only network of Global 500 executives driving innovation in corporate sustainability		X
Fibre Box Association	Trade association representing North American corrugated packaging manufacturers	X	X
Forest Resources Association	Promotes the interests of forest products industry members in the economical, efficient and sustainable use of forest resources	X	X
Forest Stewardship Council®	Promotes environmentally sound, socially beneficial and economically prosperous management of the world's forests	X	X
Indian Paper Manufacturers Association	Presents a broad-based platform to project Indian paper industry's views and articulate its strategy		X
International Conservation Caucus Foundation	Promotes the projection of U.S. leadership for international conservation worldwide		X
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		X
National Council for Air & Stream Improvement	Independent, nonprofit research institute that focuses on environmental and sustainability topics relevant to forest management and the manufacture of forest products	X	X
National Fish & Wildlife Foundation	Works with both the public and private sectors to protect and restore fish, wildlife, plants and habitats		X
National Industrial Transportation League	An association representing industrial freight shippers that works to develop a modern and efficient freight transportation system to support U.S. commerce	X	
ORCHSE Strategies, LLC	Premier global family of health, safety, and environmental networks for industry leaders		X

ORGANIZATION	DESCRIPTION	PARTICIPATION AT THE GOVERNANCE LEVEL	PARTICIPATION IN PROJECTS OR COMMITTEES
Paper & 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	X	X
Programme for the Endorsement of Forest Certification	International nonprofit, non-governmental organization dedicated to promoting sustainable forest management	X	X
Pulp & Paper Safety Association	Nonprofit international organization devoted to the continuous improvement of safety throughout all aspects of the paper industry		X
Sustainable Forestry Initiative®	Promotes sustainable forest management, improved forestry practices and responsible purchasing of forest products	X	X
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	X	X
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	X	X
World Environment Center	Global nonprofit, non-advocacy organization that advances sustainable development through the business practices of member companies and other stakeholders		X

Ethics and Integrity

102-16

VALUES, PRINCIPLES, STANDARDS AND NORMS OF BEHAVIOR

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.

International Paper's global ethics and compliance program serves as the structure to promote 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 maintain high ethical standards.

Our compliance and ethics program is the responsibility of the senior vice president, general counsel and corporate secretary, and is directed by the vice president, deputy general counsel and chief ethics and compliance officer, who leads our Global Ethics and Compliance office. Our Board Audit and Finance Committee oversees the program.

Our ethics and compliance program supports the company's efforts to conduct its operations in a sustainable and responsible manner by developing policies, codes of conduct, educational programs and other guidance materials for our employees.

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, help assess risk of such conduct, and 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. Our Code is available in 15 languages.

Additionally, our Supplier Code of Conduct sets forth the expectations of ethical and legal conduct for all who provide International Paper with goods or services. We provide Supplier Code training for suppliers and field personnel. The Supplier Code is available in 16 languages.

Ethics training is mandatory for all full-time salaried employees, and newly hired employees must complete courses within 90 days of starting work. The courses target specific job roles and address respective business risks. They cover topics such as harassment and discrimination prevention, compliance with the U.S. Foreign Corrupt Practices Act (FCPA) and other

anti-corruption standards; anti-competitive and price-fixing issues; fair labor practices; records management and insider trading prevention. Refresher training is offered as needed.

As new laws come into effect that are applicable to our operations, we promptly take steps to assure compliance. 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.

Our continuous focus on improving our culture of ethics and integrity have earned us Ethisphere Institute's "World's Most Ethical Companies®" award for 12 consecutive years.

MECHANISMS FOR ADVICE AND CONCERNS ABOUT ETHICS

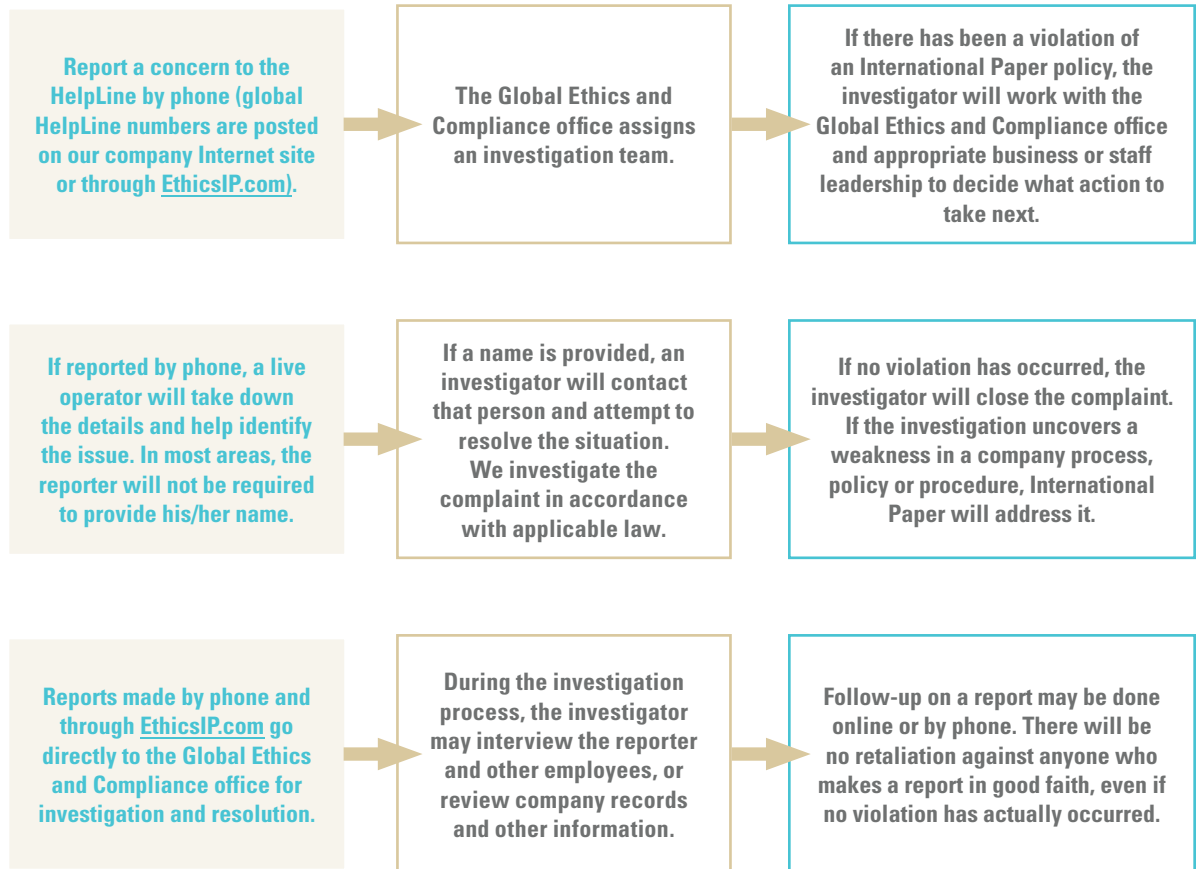
We do not tolerate violations of our Code of Conduct or any conduct that is illegal or unethical. Anyone who becomes aware of or suspects violations is expected to report them. We encourage employees who need help or advice to speak with their supervisors. When a supervisor is not the first choice, employees are encouraged to contact any trusted manager, Human Resources representative, or member of our Internal Audit, Enterprise Security Management, Legal department or the Global Ethics and Compliance office.

Employees may also contact the International Paper HelpLine, which offers a confidential method for seeking advice and reporting issues. Where permitted by law, HelpLine use may be anonymous. Communications with 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.

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. 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](https://www.ethicsip.com).

How we address ethical concerns:



Governance

102-18, 19, 20

GOVERNANCE STRUCTURE

We believe in sound corporate governance. Our Board of Directors upholds our 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. These guidelines are available at internationalpaper.com/company/leadership/governance.

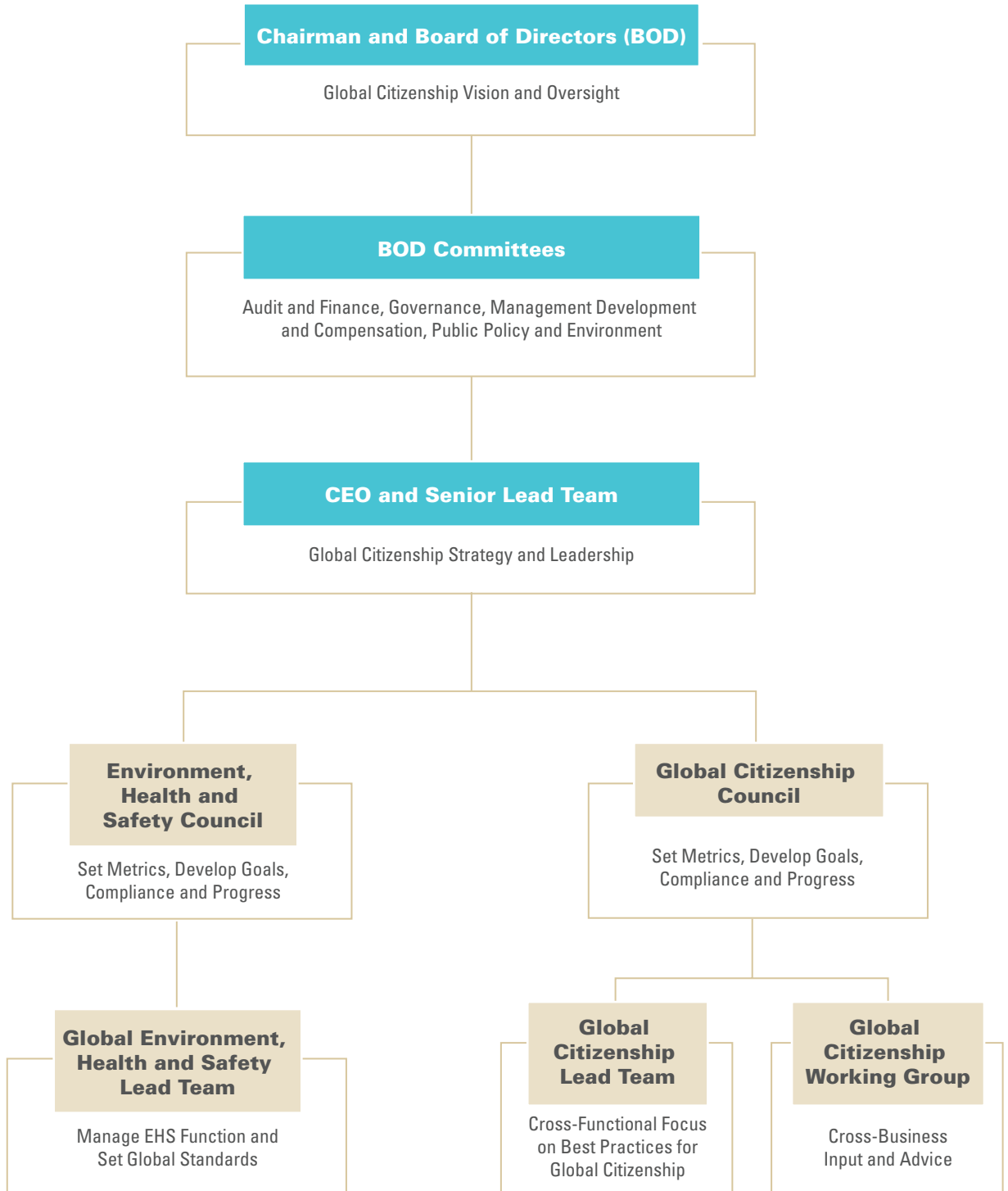
Global Citizenship is a key element of our corporate governance, promoted by our Board of Directors, CEO and Senior Lead Team. The Public Policy and Environment Committee of the Board of Directors has overall responsibility for Global Citizenship at International Paper. It reviews and assesses public 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 Lead Team, led by the vice president, Global Citizenship, has primary responsibility for executing the strategies as well as overseeing communications and corporate marketing.

Everyday sustainability topics are handled by our Sustainability function along with human resources and sourcing departments, which are responsible for 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.

Global Citizenship Governance at International Paper



Stakeholder Engagement

102-40, 42,
43, 44

STAKEHOLDER ENGAGEMENT APPROACH, STAKEHOLDER GROUPS, ENGAGEMENT CHANNELS, AND KEY ISSUES

Listening, Learning, Responding

The following examples of stakeholder engagement help us understand how well we are fulfilling our responsibility as a valuable partner for customers and suppliers, as a good employer for our employees, as a sound investment for shareholders and as a 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 with our critics, articulating our position on key issues and explaining 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. They span communities, customers, suppliers, employees, governments, non-governmental organizations and shareholders. For stakeholders with lesser degrees of impact or influence, our engagement is more specific and generally involves direct, issue-related communication.

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 efforts. The results guide us in our strategic decision-making, stakeholder engagement agenda and reporting framework. We carefully review all results and focus our efforts on the issues with the highest priority for stakeholders and the biggest estimated impact on our company. Results from our most recent survey can be found in section 102-46, 47.

Stakeholder Engagement (cont.)

STAKEHOLDER	IMPORTANCE	
Communities	<ul style="list-style-type: none"> • Our company cannot succeed if our communities do not succeed. • Strong relationships with our communities are critical to maintaining our social license to operate. • Addressing the critical community needs for the communities where our employees live and work. • Our business is often a key component of the economic success of the community. 	
	HOW WE ENGAGE	TOP ISSUES RAISED
	<ul style="list-style-type: none"> • Economic and charitable relationships • Employee-led fundraising • Plant tours • Community Advisory Councils • Volunteerism • Media 	<ul style="list-style-type: none"> • Air Emissions • Economic Impact • Community Engagement • Sustainable Jobs • Water Use and Water Quality
	OUR RESPONSE	
<ul style="list-style-type: none"> • We mobilize our people, products and resources to address critical needs in the communities where our employees live and work. • We proactively engage with stakeholders in our communities to address water-related issues within the watershed. • We reduce 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. • Our Community Advisory Councils meet regularly and have open dialogue about community concerns and opportunities for collaboration and improvement. 		

STAKEHOLDER	IMPORTANCE	
Customers	<ul style="list-style-type: none"> • Customer expectations and needs influence our product and service innovation. 	
	HOW WE ENGAGE	TOP ISSUES RAISED
	<ul style="list-style-type: none"> • Sales relationships • Regular site visits • Meetings • Surveys • Special events • Online communications 	<ul style="list-style-type: none"> • Air Emissions • Certified Fiber Content • Climate Change • Life Cycle Impact • Operational Efficiency • Recovered Fiber Content • Waste Reduction
	OUR RESPONSE	
<ul style="list-style-type: none"> • We create innovative, sustainable and recyclable products that help our customers achieve their objectives. • We work with customers to meet sustainability objectives. • Subject-matter experts regularly meet to discuss product and service innovation. • Our Vision 2020 Goals affect all areas of our value chain. Of all our activities, manufacturing has the largest impact on the environment, so we measure progress against our targets related to efficiency and energy consumption, greenhouse gas emissions, water stewardship, fiber loss, waste and workplace safety. • We have established 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 improve our community involvement. 		

Stakeholder Engagement (cont.)

STAKEHOLDER	IMPORTANCE	
Employees	<ul style="list-style-type: none"> • Our employees are a key component of our competitive advantage. • Engaged employees drive significant and sustainable results, and good leaders inspire colleagues to actively drive team success. • Employee well-being and capabilities influence our operational performance and value creation. 	
	<p style="text-align: center;">HOW WE ENGAGE</p> <ul style="list-style-type: none"> • Diversity and functional forums • Employee training • Intranet sites • Presentations • Engagement surveys • Company-wide communications • Global webcasts • Team meetings • One-to-one discussions between supervisors and employees 	<p style="text-align: center;">TOP ISSUES RAISED</p> <ul style="list-style-type: none"> • Safety • Employee Engagement • Diversity and Inclusion • Employee Development
	<p style="text-align: center;">OUR RESPONSE</p>	
	<ul style="list-style-type: none"> • Above all, we care about people. We look out for each other to ensure everyone returns home safely. • We strive for a collaborative workplace that engages all employees, and we provide the tools and opportunities for employees to develop and succeed. • We measure employee engagement with a formal third-party survey every two years, and each team creates improvement plans based on employee feedback. • We conduct diversity and inclusion training and host inclusion forums, mentoring boards and team-level courses. 	
STAKEHOLDER	IMPORTANCE	
Government	<ul style="list-style-type: none"> • This group is able to influence or make political decisions on environmental issues, climate change and forest products industry legislation. 	
	<p style="text-align: center;">HOW WE ENGAGE</p> <ul style="list-style-type: none"> • Legislative meetings • Formal hearings • One-on-one meetings • Trade associations • Policy-based organizations engagement 	<p style="text-align: center;">TOP ISSUES RAISED</p> <ul style="list-style-type: none"> • Ethics • Fair Compensation • Health and Safety • Paper Recycling and Recovery • Taxes and Environmental Policy • Transportation
	<p style="text-align: center;">OUR RESPONSE</p>	
	<ul style="list-style-type: none"> • We advocate at all levels of government, including policymakers and legislators, to inform legislative and regulatory issues. • We are committed to meeting or exceeding legal requirements to uphold our high ethical standards and to do the right things, in the right way, for the right reasons — all of the time. • We educate policy makers on our commitment to sustainable forestry, third-party fiber certification, reduced emissions, responsible resource management, efficient use of renewable biomass and recycling. 	

Stakeholder Engagement (cont.)

STAKEHOLDER	IMPORTANCE	
Non-Governmental Organizations	<ul style="list-style-type: none"> • Encourages us to increase transparency and communication of our sustainability performance. • Provides opportunities for us to align our Global Citizenship strategy with other interested organizations. • Collaborations with NGOs accelerates outcomes. 	
	HOW WE ENGAGE	TOP ISSUES RAISED
	<ul style="list-style-type: none"> • Corporate communications • InternationalPaper.com • Corporate email forms • Participation in conferences and forums • Public-private partnerships and engagement on select topics • Strategic partnerships and consultation around material issues 	<ul style="list-style-type: none"> • Climate Change • Education • Hunger (Food Insecurity) • Health and Wellness • Sustainable Forestry • Water Stewardship • Recycling • Disaster Relief
	OUR RESPONSE	
<ul style="list-style-type: none"> • We incorporate feedback in developing internal environmental and social programs. • We work continuously to reduce our global manufacturing emissions including greenhouse gas, sulfur dioxide, nitrogen oxides and particulate matter, in order to reduce our impact on the planet. • We establish strategic partnerships to help us identify areas where the greatest impacts in sustainability can be achieved. 		

STAKEHOLDER	IMPORTANCE	
Shareholders	<ul style="list-style-type: none"> • Accountability to investors requires us to monitor both financial and non-financial performance. • Communicating our performance to our investors strengthens our reputation. 	
	HOW WE ENGAGE	TOP ISSUES RAISED
	<ul style="list-style-type: none"> • Annual meeting of shareholders • Quarterly earnings conference calls • Non-deal road shows • Regular calls and in-person meetings • Analyst-sponsored conferences • InternationalPaper.com • SEC filings 	<ul style="list-style-type: none"> • Financial Returns • Financial Stewardship • Risk Mitigation • Business Strategies
	OUR RESPONSE	
<ul style="list-style-type: none"> • We continue to set goals and targets, and monitor the changing landscapes to ensure we are doing our part to address environmental and social issues material to our business while continuing to drive meaningful business results. 		

Stakeholder Engagement (cont.)

STAKEHOLDER	IMPORTANCE	
Suppliers	<ul style="list-style-type: none"> • Supplier responsibility and performance influences our value creation capability and reduces our risk. • Encourages us to offer a transparent view of our work with partners around the world to promote responsible best practices throughout our supply chains. 	
	HOW WE ENGAGE	TOP ISSUES RAISED
	<ul style="list-style-type: none"> • Supplier relationships • Audits • Onsite visits • Strategic meetings • Requests for information • Scorecards for key suppliers 	<ul style="list-style-type: none"> • Environmental Impact • Governance Practices • Labor Rights • Supplier Assessments
	RESPONSE	
<ul style="list-style-type: none"> • Our Supplier Code of Conduct outlines our expectations for workplace standards and business practices of our suppliers, along with their affiliates and others who are within their supply chains. 		

102-41

EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

In 2017, International Paper employed approximately 56,000 people, nearly 36,000 of whom are located in the United States. Of the U.S. employees, approximately 25,000 were hourly, with unions representing approximately 15,000 employees — approximately 12,000 represented by the United Steelworkers Union (USW). We do not track the number of employees covered by collective bargaining agreements outside of the United States, but all employees have the right to join associations of their choice, if they are legally permitted to do so in their home countries.

Reporting Practices

102-45

ENTITIES INCLUDED IN CONSOLIDATED FINANCIAL STATEMENT

Data from all operations are included. See International Paper's 2017 Annual Performance Summary for more information.

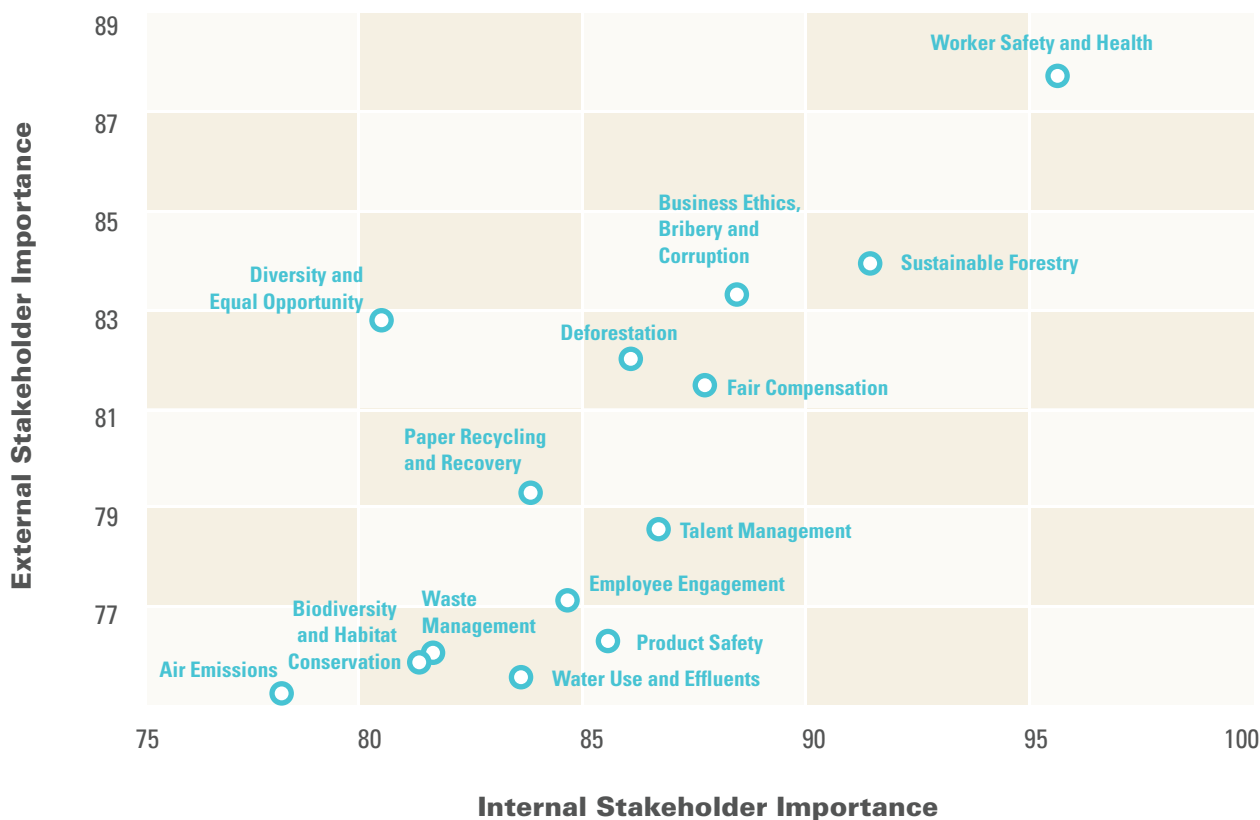
102-46, 47

DEFINING REPORT CONTENT AND TOPIC BOUNDARIES

Materiality Assessment

Determining non-financial materiality includes consideration of economic, environmental, social and governance matters that affect the ability to create or erode value for stakeholders, now and in the future.

We identified a broad range of issues through internal and external analysis. In 2016, we completed a formal survey of our stakeholders on the importance of 34 separate issues and the impact of and on International Paper. All stakeholder groups in section 102 40-44 were represented in the survey. The chart below demonstrates the top quadrant of the results as they relate to the importance of issues to our internal and external stakeholders. We will continue to refine this process and engage stakeholders on a regular basis to ensure we are addressing emerging trends and new priorities.



Over the last several years, survey results have not shifted significantly so we have moved to biennial surveys. Environmental issues such as sustainable forestry, air emissions, waste management and water use remain of high importance. Survey results also indicated that workforce and human rights and issues such as business ethics, worker safety and health, and recycling are increasingly important. Other related issues such as chemical use, climate change and sustainable product innovation ranked lower in stakeholder importance. Our next assessment is planned for 2018.

Material Issues

Worker Safety and Health	Ensure a safe and healthy workplace
Talent Management	Create a workplace that attracts, retains and engages employees
Sustainable Forestry	Encourage landowners to carefully manage forests including safeguarding local livelihoods, protecting biodiversity and regeneration capacity
Product Safety	Maintain high standards for product safety and quality
Business Ethics, Bribery and Corruption	Ensure bribery and corruption are not part of business practices, as well as transparency to prevent ethical violations
Employee Engagement	Enhance the extent to which employees feel passionate about their jobs, are committed to the organization and put discretionary effort into their work
Deforestation	Avoid or prevent the conversion of forests to non-forest land use
Waste Management	Reduce, treat and dispose of solid waste responsibly
Fair Compensation	Ensure that individuals are fairly compensated for their work, in line with local requirements and context and free of discriminatory practices
Water Use and Effluents	Manage water resources responsibly throughout the value chain, from sourcing and operations to community watershed issues
Diversity and Equal Opportunity	Ensure a diverse workforce regardless of gender, race, religion, sexual orientation, etc.
Air Emissions	Manage and reduce the amount of air pollutants emitted from our operations

Paper Recycling and Recovery

Promote opportunities to process and reuse recovered fiber, e.g., diverting usable fiber from landfills

Biodiversity and Habitat Conservation

Protect the variability within species and the health of ecosystems

Material Topics and Boundaries

Our approach to sustainability includes our entire value chain, from sourcing raw materials responsibly to working safely, making recyclable products people depend on every day and to providing a market for the products when they are recovered.

Based on the process for defining report content described in 102-46, we deemed the following issues as material topics. We mapped these priority issues to our value chain, which helps us identify and address key impacts where they occur.

Value Chain Impacts

Forests and Sourcing

As one of the world's largest processors of wood fiber, International Paper helps to support millions of acres of working forestland. We are also one of the largest processors of recovered fiber. We also source other materials such as starch and pulping chemicals.

IMPACTS

Worker Health and Safety, Sustainable Forestry, Deforestation, Water Use and Effluents, Biodiversity and Habitat Conservation, Product Safety, Business Ethics, Bribery and Corruption

Transport

Most of our products are distributed to other businesses to be converted into packaging and printed materials.

IMPACTS

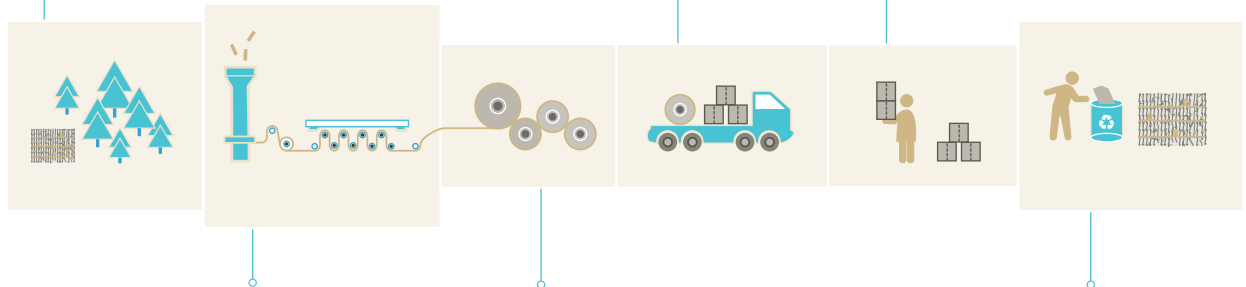
Environmental Compliance, Employment, Worker Health and Safety, Business Ethics, Bribery and Corruption, Air Emissions

Customer Use

We continue to innovate and engage with customers to improve our products. Customer uses include printing, packaging, and food and drink serving.

IMPACTS

Environmental Compliance, Business Ethics, Bribery and Corruption, Philanthropy, Public Policy, Product Responsibility



Manufacturing

The majority of our mills convert wood chips into paper and paperboard. Some of these integrated mills also convert recovered fiber into paper and paperboard. Several recovered-fiber-only mills produce linerboard and corrugating medium.

IMPACTS

Worker Health and Safety, Business Ethics, Bribery and Corruption, Talent Management, Employee Engagement, Diversity and Inclusion, Waste Management, Air Emissions, Environmental Compliance, Paper Recycling and Recovery, Product Safety

Converting

At our converting sites, large rolls of paper and paperboard are cut into sheets and converted into copy paper, boxes and bags.

IMPACTS

Worker Health and Safety, Business Ethics, Bribery and Corruption, Talent Management, Employee Engagement, Diversity and Inclusion, Waste Management, Air Emissions, Environmental Compliance, Paper Recycling and Recovery, Product Safety

Recovery and End-Of-Use

In the United States, more than 90 percent of corrugated packaging is recycled and 67 percent of all paper products is recycled. We use recovered fiber and operate a recycling business, supporting a market for recovered fiber products.

IMPACTS

Worker Health and Safety, Business Ethics, Bribery and Corruption, Talent Management, Employee Engagement, Diversity and Inclusion, Waste Management, Air Emissions, Environmental Compliance, Paper Recycling and Recovery, Product Safety

102-48

RESTATEMENTS OF INFORMATION

Restatements are noted as footnotes and/or in applicable sections.

102-49

CHANGES IN REPORTING

This is the second year for our report to follow GRI Standards, which represent the current global best practice for reporting on a range of economic, environmental and social impacts. We used GRI G4 Guidelines in 2014 and 2015. In some cases, we have adjusted our reporting approach to reflect more accurately our company and industry. In all cases, we respond in the spirit of the GRI indicators to provide a transparent account of our progress, achievements and shortcomings. We selected indicators that we identify as material, representing those that reflect impacts associated with our operations around the world.

We continue to evaluate issues that are material to our company and expand our disclosures. For example, we are reporting additional information on our Employee Management Approach that was not included in our 2016 report.

102-50

REPORTING PERIOD

Calendar year 2017

102-51

DATE OF MOST RECENT REPORT

May 2017

102-52

REPORTING CYCLE

Annual

102-53

POINT

Please email globalcitizenship@ipaper.com to provide feedback or to request more information about topics covered in this report.

102-54

CLAIMS OF REPORTING IN ACCORDANCE WITH GRI STANDARDS

This report has been prepared in accordance with the GRI Standards: Core option.

102-55

GRI CONTENT INDEX

See InternationalPaper.com/GCReport

102-56

EXTERNAL ASSURANCE

We do not provide external assurance for this report.

Specific Standard Disclosure

201

ECONOMIC PERFORMANCE

Management Approach

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. Delivering long-term value for all stakeholders is a priority. In 2017, we continued to establish advantaged positions in attractive market segments with safe, efficient manufacturing operations near sustainable fiber sources.

For more information on our management approach to financial matters and progress on economic indicators, please see our Company Overview and [2017 Annual Performance Summary](#).

201-1

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

We delivered another year of strong performance and continued to create value for our shareholders with our return on invested capital exceeding our cost of capital for the eighth consecutive year. Our total revenue was \$21.7 billion, and we made strategic investments for growth across our core business, while returning cash to shareowners and maintaining a strong balance sheet, all part of our capital allocation strategy. We delivered on our commitment of strong cash generation and value creation, enabling us to strengthen our balance sheet and increase our dividend for the sixth consecutive year.

Please view our [2017 Annual Performance Summary](#) for more financial information.

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ANTI-CORRUPTION

Management Approach

As a U.S. company with global operations, International Paper is subject to the U.S. Foreign Corrupt Practices Act (FCPA) as well as anti-corruption rules of other regions, such as the UK Bribery Act and certain international anti-corruption conventions. We honor the laws and treaties of all jurisdictions in which we operate, and we require the same of our business partners.

We conduct ongoing risk assessments, which include a focus on corruption, procurement fraud and all aspects of business where we directly interact with government officials. We have enhanced our risk assessment process with alignment among the regions in their identification and response to such risk issues. The regional risk assessment includes localized risk issues depending on geographic location, specific government interaction and varying local laws. We periodically conduct risk assessments or surveys and use the results to enhance our global ethics and compliance program. Ongoing assessments include new-hire, full-time salaried employee completion of 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.

International Paper holds its own employees to the highest standards. 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 corruption risks. It assesses a wide variety of risks, particularly those that raise corruption concerns. 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, which states that each supplier is responsible for ensuring that its employees, representatives and subcontractors also understand and comply with International Paper's Supplier Code of Conduct. The Code specifically prohibits illegal payments or corruption or tolerate 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 partners to look for new opportunities to incorporate compliance due diligence processes within existing business procedures.

205-2

COMMUNICATION AND TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES

All full-time salaried employees are trained in International Paper's anti-corruption policies, and refresher training is conducted as needed. International Paper Company's Board of Directors is knowledgeable of, has approval authority over, and must comply with the company's ethics and anti-corruption policies. The majority of our business partners around the world have also been trained. All web-based training is tracked through the company's Learning Management System.

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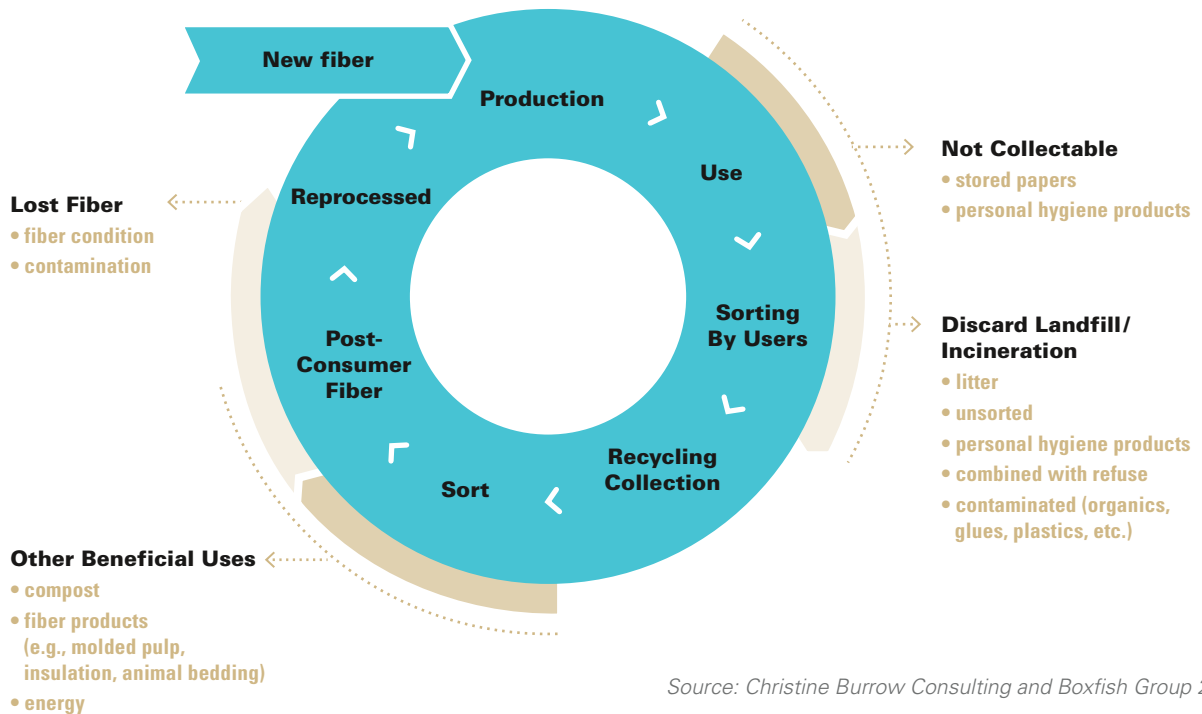
MATERIALS

Management Approach

We are among the world's largest users of wood and recovered fiber. We collaborate with our suppliers and seek out those who share our commitment to quality and responsibility. We follow a Certification Policy and a Responsible Fiber Procurement Policy that address responsible fiber procurement and forest and fiber certification practices through recognition of credible third-party standards. Globally we recover, process, reuse or facilitate the sale of more than 7 million tons of recovered fiber each year.

Our connections to working forests and those who manage them responsibly help us ensure a continuous and sustainable supply of fiber. We use our influence to combat illegal logging, encourage forest stewardship and support forest ecosystems. We connect our customers with certified sources of fiber and, in turn, their use of fiber-based products encourages landowners to maintain forests by providing a direct financial incentive to keep forestland forested. Recycling and the use of recovered fiber 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 the United States, about 89 percent of corrugated boxes are recovered and reused.

Both new and recovered fiber are necessary to sustain an efficient cycle in the supply chain. Due to fiber losses and quality degradation, 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 fiber, fiber-based products are among the most sustainable products in the world.



Source: Christine Burrow Consulting and Boxfish Group 2011

301-2

RECYCLED INPUT MATERIALS USED

In addition to our recycling operations in the United States and Mexico, International Paper globally procures several million tons of old corrugated containers (OCC) and box plant paper trimmings for use in our facilities, including five mills in North America that only use recovered fiber to make paperboard. The average recycled content of our North American corrugated packaging products is 37.8 percent, including 30 percent post-consumer fiber and 7.8 percent pre-consumer fiber.

In 2010, we set our Vision 2020 goal to increase recovery of OCC 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. In doing so, we also divert additional types of paper and packaging materials from landfills.

In 2017, our progress reflects a 23 percent increase in OCC recovery because of efficiencies in our recycling operations and recovered fiber consumption. We are now getting more production out of our purchased tons of recovered fiber than we were previously and have better aligned our sourcing with consumption.



RECYCLING PROGRESS

23% increase
in recovery of OCC

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

301-3

RESPONSIBLE FOREST STEWARDSHIP

We source our fiber from well-managed forests to ensure healthy and productive forests for future generations. We will not knowingly accept fiber from illegally logged forests or from forests where high conservation values are threatened by management practices. We help 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 combat illegal logging and prohibit trafficking of illegally harvested products while protecting the competitiveness of legally harvested trees.



Fiber Certification

International Paper uses credible third-party certification to verify responsible forest management. Our practice of sourcing fiber from well-managed forests promotes healthy and productive forests for future generations.

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® and Sustainable Forestry Initiative® in the United States and

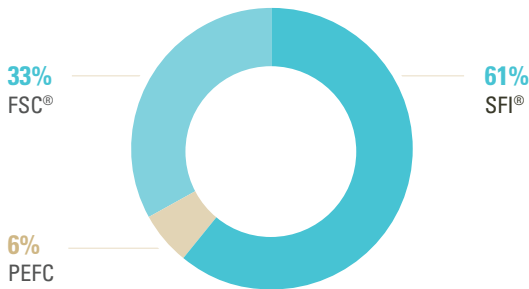
Certificação Florestal (CERFLOR) in Brazil. All the forestland we own in Brazil and lease in Russia is certified according to national or international forest management standards. All our mills are certified to one or more third-party or Chain of Custody standards.

Globally, we own or manage approximately 329,000 acres of forestland in Brazil. All owned lands in Brazil are certified for sustainable forestry under the Brazilian National Forest Certification Program (CERFLOR) and the FSC.

We continue to make substantial investments to help family landowners become certified to FSC® standards through Certified Forest Management LLC (CFM), our forest management group. Since 2012, International Paper has enrolled thousands of acres of privately owned timberlands into CFM. At the end of 2017, the group included 218 private landowners from 10 states encompassing approximately 520,000 acres. CFM received an FSC Leadership Award for forest certification commitment and program innovation in 2016 and an American Forest & Paper Association Better Practices, Better Planet 2020 Sustainability Award in 2017.

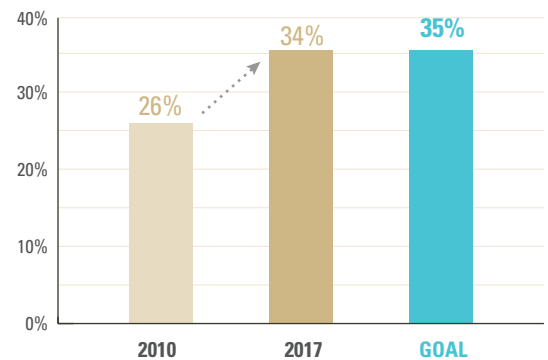
Also as of 2017, we increased certified fiber by 34 percent over our 2010 baseline.

22 Million Tons of Certified Fiber Breakdown



Certified Fiber Proportion

Percentage of Certified Fiber Purchased*



*Progress refers to growth in proportion of certified fiber



FIBER CERTIFICATION PROGRESS

34% increase
in certified fiber volume

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

External Collaboration

We engage with organizations that share our goals in responsible forest management and conservation so that together we can have a greater impact.

World Wildlife Fund Global Forest & Trade Network (GFTN)

We are participants in the GFTN, a program focused on eliminating illegal logging and promoting environmentally and socially responsible forest management. This initiative complements our Responsible Fiber Sourcing Policy and our longstanding efforts to promote legal and sustainable

forest management. We joined in 2013 with Brazil and the United States, and we expanded our participation in 2015 to include France, India and Russia. For more information about GFTN visit gftn.panda.org.

National Fish and Wildlife Foundation (NFWF)

Our conservation program with 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 at the same time promoting and supporting working forests.

NFWF leveraged International Paper's initial \$7.5 million investment to generate more than \$24.5 million in matching contributions for a total conservation impact of \$32 million. In 2017, International Paper pledged to invest another \$10 million over the next five years.

Since 2013, Forestland Stewards has reached more than 10,000 forest landowners and has protected, enhanced and restored more than 263,000 acres of forest habitat. With the additional investment, the Forestland Stewards program aims to restore, protect and enhance an additional 300,000 acres of forest habitat for a total conservation impact of more than 540,000 acres.

Forestland Stewards received the PR Daily's 2017 Corporate Social Responsibility Award in the 'Corporate-Community or Nonprofit Partnership' category for Forestland Stewards.

Carolinas Working Forest Conservation Collaborative

In May, International Paper helped launch the Carolinas Working Forest Conservation Collaborative (CW FCC) along with American Forest Foundation, The Procter & Gamble Company and 3M Company.

We have 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 CW FCC, 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 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**

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

We are committed to achieving a performance of less than 0.75 percent fiber loss by 2020. In 2014, we developed a company standard to improve our performance, and we started to monitor our progress through a global tracking system. Approximately 85 percent of our mills are now using the system.

We achieved 0.71 percent fiber loss with the mills reporting quality-ensured data based on a 12-month rolling average.

Our mills focus on retaining usable fiber within our processes to meet our goal. We will continue to measure and track fiber efficiency performance while focusing on mill-specific deliberate improvements aimed at reducing fiber loss.



FIBER EFFICIENCY PROGRESS

0.71% fiber loss
from reporting mills

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

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ENERGY

Management Approach

Our manufacturing processes require large amounts of energy, primarily from renewable biomass residuals, to produce and dry our products. Improvements in energy efficiency reduce both the amount of energy consumed and related air emissions. Our goal is to improve energy efficiency by 15 percent over our 2010 baseline by 2020. Energy consumption benchmarking is shared across our pulp and paper production facilities. An internal energy audit team regularly reviews facilities' practices and equipment in order to identify projects that will improve energy efficiency. Our Energy Council acts as a cross-functional team to maximize the effectiveness of capital deployment as it relates to energy, by anticipating and responding to changes in policy and regulation.



ENERGY EFFICIENCY PROGRESS

9.2% improvement
in purchased energy efficiency

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

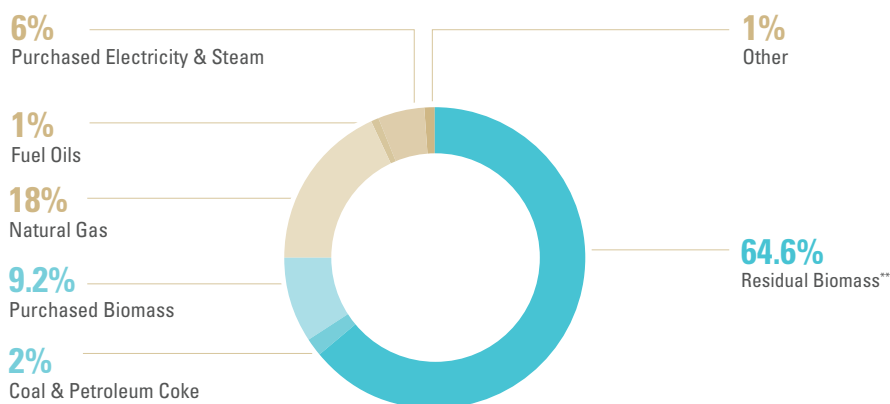
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ENERGY INTENSITY AND REDUCTION OF ENERGY CONSUMPTION

Since 2010, we have invested \$589 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 9 percent since 2010 by optimizing processes, equipment and procedures. (IP India is not included due to a lack of baseline data).

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 biogenic manufacturing residuals. We use the Department of Energy (DOE) calculations that utilize efficiency numbers used by the DOE for purchased electricity, steam and fuels. In 2017, 13 of our mills set monthly records for increased energy efficiency. We are steadily making progress toward our goal.

Energy Sources in 2017



* Residual biomass is material originally purchased as wood fiber, not included in purchased fuel efficiency calculation. Percentages are calculated on a 'site basis.'

WATER

Management Approach

Healthy watersheds are essential to people's lives, our planet, the manufacturing of our products and our company's performance. We return more than 90 percent of the water we use back to waterways and work deliberately to improve the quality of water we discharge. We engage with stakeholders in our communities to address water-related issues within the watershed. Our manufacturing; environment, health and safety; and sustainability teams work closely with local stakeholders to ensure responsible water use and regulatory compliance.

Our strategy is evolving from a focus on water management to one of water stewardship, which seeks to ensure the long-term sustainability of water resources where we operate.

We focus on the following key steps as we move toward a water stewardship strategy:

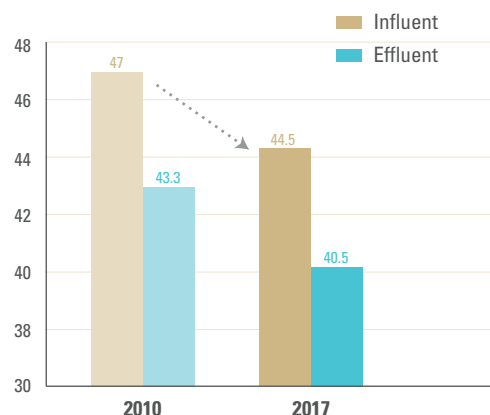
- **Conduct annual facility-level water risk evaluations**
- **Determine the value of water in our manufacturing operations**
- **Integrate findings of the above into facility management plans for water use and quality**
- **Engage with stakeholders in our communities through collective action efforts to address water-related issues within each watershed**

A cross-functional project team developed a water valuation methodology based on the Natural Capital Protocol framework. We piloted it at one of our mills to advance our understanding of our company's impacts and dependencies on water. In 2018 we will repeat the study at additional mills, and the findings will inform our global water stewardship strategy development.

TOTAL WATER WITHDRAWAL BY SOURCE

Water Use

Cubic Meters per Metric Ton of Production



Water Sources

86%
Surface
Water10%
Ground
Water4%
Public
Utility Water

WATER STEWARDSHIP PROGRESS

Piloted the Natural Capital Protocol to assess the true value of water; continued annual stakeholder and facility water risk assessments.

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

EMISSIONS

Management Approach

We have a performance standard that addresses air emissions as part of our Environment, Health and Safety (EHS) Management System. The intent is to have a common standard for air emissions management for all our sites. Every site must identify air emission sources and quantify and monitor emissions on a regular basis. 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 then audited as part of our periodic EHS audit assessments. Our strategy for reducing air emissions is linked to our management of purchased energy. Reducing the amount of fossil fuels we use reduces our operating costs and decreases our emissions. With efficiency improvements in our operations, equipment and fuel diversity, we achieved significant company-wide reductions over the past decade, and we will evaluate and implement projects across our global operations that continue our improvements.

Management Approach

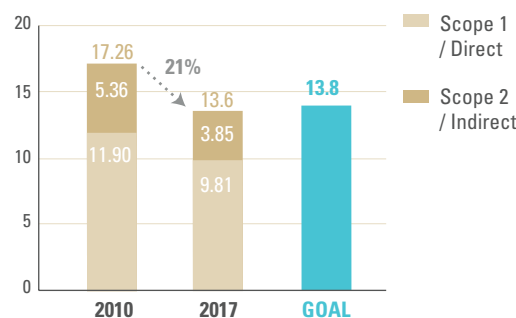
Through continuous improvements in operations, equipment and fuel diversity, we achieved significant company-wide reductions in Scope 1 and Scope 2 GHG emissions, and we will continue to evaluate and implement improvement projects. Our goal of reducing GHG emissions by 20 percent by the end of 2020 includes 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.

We operate more than 250 converting locations. 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. Collectively, our converting operations emit approximately 1.5 million metric tons of GHGs. Over time, emissions from our converting facilities have trended slightly downward by approximately 5 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 others and increase our efforts to reduce our emissions. Our reported emissions do not include biogenic GHG emissions, which were 38.1 million metric tons in 2017.

Greenhouse Gas Emissions

Million Metric Tons Carbon Dioxide Equivalents (CO₂e)



GHG EMISSIONS PROGRESS

21% reduction
in GHG emissions

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

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.

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

NO_x, SO₂ AND OTHER AIR EMISSIONS

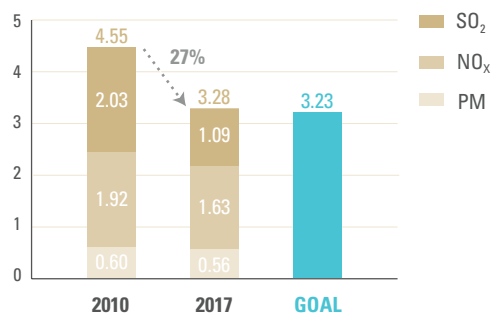
Energy efficiency projects, regulatory requirements and fuel switching resulted in significant reductions of overall emissions from our operations. Since 2012, we have exceeded our Vision 2020 Goal of a 10 percent reduction in emissions. In 2016, we restated our goal to 30 percent reduction in air emissions.

We have reduced sulfur dioxide (SO₂) by 46 percent, nitrous oxides (NO_x) by 13 percent and particulate matter (PM) by 8 percent for an overall reduction of 27 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. We believe our gains will continue as more efficiency projects, regulatory changes and fuel switching are expected in the next five years.

Total SO₂, NO_x and PM Emissions

Kilograms per Metric ton of Production



AIR EMISSIONS PROGRESS

27% reduction
in air emissions

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

EFFLUENTS AND WASTE

Management Approach

Effluents

We return more than 90 percent of the water we use to the environment and work to protect water quality in our communities and local watersheds. Our mill teams are focused on reducing losses to our wastewater treatment systems, thereby reducing oxygen-depleting substances and further improving watershed quality. We share wastewater best practices across our manufacturing sites.

With the implementation of enterprise-wide wastewater performance standards related to processes affecting wastewater and wastewater treatment, all our sites are held to the same high standards in achieving optimal wastewater treatment system performance. As part of these standards, every site must measure and document the amount of wastewater generated and any potential hazards, identify constraints impacting wastewater generation and discharge, manage and appropriately treat all wastewater leaving process areas.

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

Solid Waste

Operational and regulatory standards provide a framework to reduce waste generation, waste to landfills and divert more material to other beneficial uses. We also finalized our EHS Performance Standard and Program Elements for Solid Waste as part of the EHS Management System. 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.

International Paper has created a network of professionals responsible for site-specific waste management. This network, called the Solid Waste Alternatives Network (SWAN), meets quarterly to discuss current events, policy requirements and best practices. Some of our converting sites and mills in Brazil are close to achieving zero manufacturing waste to landfill by stressing efficiency, beneficial use of byproducts and recycling wherever possible.

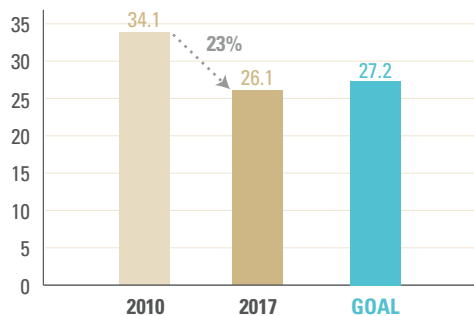
306-1

WATER DISCHARGE BY QUALITY AND DESTINATION

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 a 23 percent reduction in 2017. Because year-to-year variability and acute system and weather-related events can significantly affect our water discharges, we will closely monitor this number to ensure our progress is sustained. The total biological oxygen demand (BOD) in the figure below does not include BOD to publicly owned treatment works, which accounts for approximately 35 percent of our effluent BOD.

Oxygen-Depleting Substances to Receiving Streams

Biological Oxygen Demand in Million Kilograms



WATER QUALITY PROGRESS

23% decrease
in oxygen-depleting substances

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

306-2

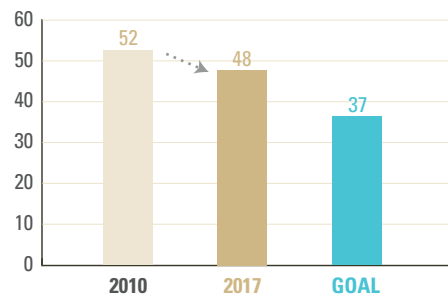
WASTE BY TYPE AND DISPOSAL METHOD

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 the efficiency of our operations, we continue to reduce overall waste generated, while also finding new ways for residuals to be used.

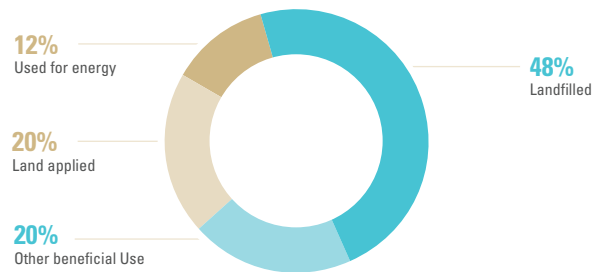
A 30 percent reduction by the end of 2020 is ambitious because of the complexities surrounding efficient, cost effective solutions for disposal. Periodically, our mills dredge wastewater treatment facilities, which creates fluctuations in waste generation. We have achieved a 9 percent reduction in 2017.

Waste to Landfill Intensity

Kilograms per Metric Ton of Production



Waste by Disposal in 2017



SOLID WASTE PROGRESS

9% reduction

in manufacturing waste to landfills

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

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ENVIRONMENTAL COMPLIANCE

Management Approach

Our Environmental Health and Safety (EHS) Management System Performance Standard and our Environmental Management System (EMS) Program Elements standardize a basic set of 13 minimum expectations for all our mills. These include risk identification, goal and metric tracking, documentation, training, evaluation, community outreach and records management, among others. Our continuous EHS audit process is responsible for identifying areas of non-conformance with the EMS requirements. We started this initiative in 2016 and all mills were certified to our standards by the end of 2017.

We hold our leaders responsible to ensure compliance with all applicable laws and regulations; global environment, health and safety management systems and performance standards; and transparent reporting of our metrics and progress relative to our commitments.

307-1

NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

We are subject to extensive federal, state and international environmental regulations. Our primary objectives include:

- Improving and controlling emissions and discharges from our facilities to avoid adverse impacts on the environment
- Complying with applicable laws and regulations

There were no significant fines or environmental non-compliance incidents in 2017.

Management Approach

We create a supportive work environment where our colleagues are inspired to collaborate, grow and continuously improve. In 2017, we hired 7,876 new employees. This total includes 178 U.S. college graduates recruited during the 2016-2017 recruiting season.

Our employees are trained, educated and engaged individuals in finance, engineering, manufacturing, converting, sales and business support. This talented workforce of 56,000 spans five continents and represents more than 20 languages. We seek to foster employee well-being and performance through a people-development process that includes engagement, health and wellness programs, training, business/region-specific people councils and a globally inclusive work environment.

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.

NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

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

In a focused effort to enhance performance, maximize engagement and help retain talent, we contracted Mercer-Sirota, a nationally recognized organization, to administer an employee engagement survey that we branded as MyView. While our previous survey partner and engagement work served our company well, senior leadership recognized the need to adjust our approach in order to gain a greater understanding of specific actions to drive improvement.

We conducted focus groups of hourly and salaried employees from every region and business to understand the work environment from the perspective of employees. We used the information gathered in the focus groups to create a customized survey that aligns to our culture and business strategy. The questions allowed for detailed, actionable feedback with clear direction on how to improve engagement levels.

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.

New Hires in 2017

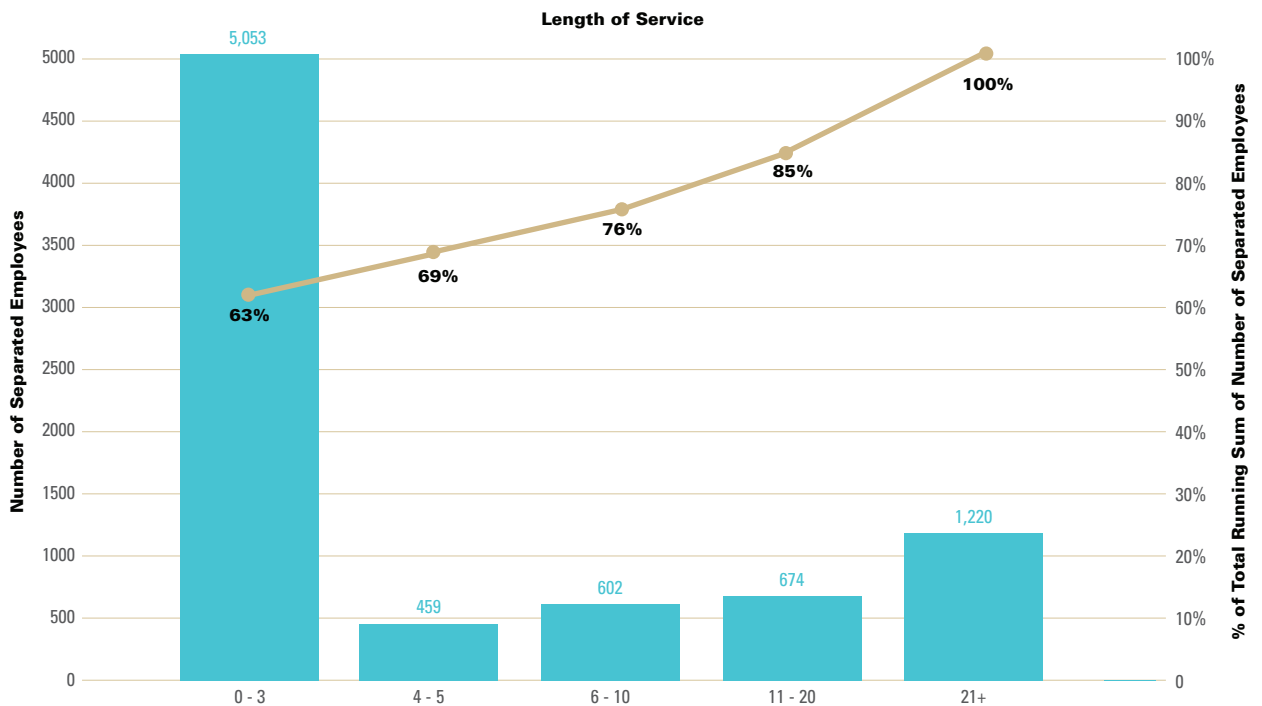
	MALE	FEMALE
North America	82%	18%
EMEA	72%	28%
South America	85%	15%
India	80%	20%
Asia	38%	62%

Employee Turnover in 2017

	MALE	FEMALE
North America	16%	16%
EMEA	10%	11%
South America	10%	14%
India	6%	9%
Asia	209%	63%

Forty-seven percent of our employees have worked at International Paper for more than 10 years. Our highest turnover rate happens within the first three years of service.

Turnover Rate by Length of Service in 2017



We offer a comprehensive and competitive benefits program to attract, engage and retain a talented workforce. The resources we spend on compensation and benefits are an investment in our people. The return on that investment comes from the contributions our employees make to the short and long-term success of the company.

We continue to evaluate our compensation and benefits programs to remain competitive and meet the evolving needs of 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 now 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 response to research identifying employee's evolving benefit needs and expectations.

- The defined contribution retirement plan was adjusted, providing increased company Retirement Savings Account contributions for all U.S. salaried employees.
- We introduced a Student Loan Assistance program where International Paper contributes \$100 each month toward U.S. salaried employee's outstanding student loan debt up to \$9,000.
- Our tuition reimbursement policy increased from \$4,000 a year to \$5,250 a year for all U.S. employees.

Employee compensation and benefit research is also taking place in Brazil and EMEA, where adjustments have been made.

Management Approach

Our most important measure of success is ensuring all employees, contractors and visitors arrive home safely every day.

We focus on achieving accident-free operations by:

- **Promoting accountability and responsibility for ourselves and our colleagues**
- **Applying safety leadership skills**
- **Engaging employees to use Safety Leading Indicators**
- **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**

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

The LIFE program has five major focus areas:

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

The number of LIFE injuries decreased by 25 percent and we operated the entire year without the loss of a single life. However, 14 employees and 11 contractors suffered LIFE injuries. From these incidents, we identified two LIFE focus areas: machine safeguarding and falls.

In 2017, we upgraded to a new, cloud-based Environmental, Health and Safety (EHS) event reporting system. The Incident Prevention System (IPS), increases reporting and data-capturing capabilities and offers multilingual support to better serve our global users. IPS workflow ensures root-cause information from incident investigations is captured. Additional functionalities, such as tracking leading indicator metrics will be implemented in 2018.

We also adopted the Human and Organizational Performance principles, which consider human error rates and focus on error precursors and error-likely situations in order to implement additional controls needed to protect employees and processes. When we build in layers of protection between our people and the equipment failure or error that may hurt them, we are building capacity for both prevention and recovery.

All manufacturing and non-manufacturing sites report Safety Leading Indicators to help identify areas for improvement and/or where resources are needed to properly execute the programs we have in place. These seven Safety Leading Indicators are a proactive approach to measuring progress in preventative safety efforts. With more than 95 percent of our employees conducting safe work observations, and reporting more than 130 LIFE potentials per month, we have identified performance trends and areas for continuous improvement. More than 80 percent of operation and front line leaders have earned IP Safety Leadership certification.



Safety Leading Indicators works in conjunction with our LIFE program, which aims to eliminate fatalities and serious injuries, such as concussions, fractures, burns or amputations.

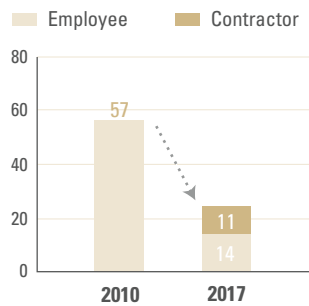
Contractor Safety Summits

For the third consecutive year, International Paper sponsored a safety leadership summit with key senior leadership from our own company and our contractors. The meeting involves an open dialog with our key contractors, creating policy enhancements that strengthen and simplify safety practices. This has led to improved safety coordination and ultimately better, safer performance while contractors are working on our sites.

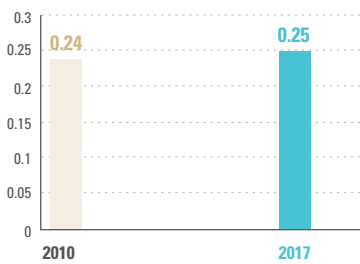
TYPES OF INJURY AND RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS

We are encouraged by our progress in safety; however, we are by no means satisfied. We believe that an injury-free workplace is possible, and that is our goal. We have created a more uniform global operations incident reporting process using as general guidelines the U.S. Occupational Safety and Health Administration (OSHA) recordkeeping standards.

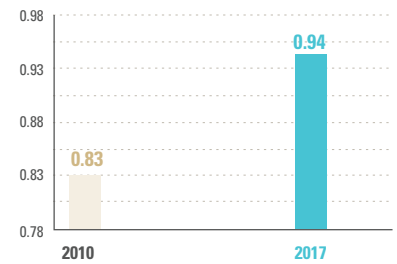
LIFE Incidents*



Lost Work Day Incident Rate



Total Incident Rate



In 2017

158 Number of lost time accidents
1.26 Frequency Rate*
46.34 Severity Rate**
124,660,467 Actual hours worked

*Frequency of 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



SAFETY PROGRESS

57% reduction
 in serious safety incidents

Vision 2020 goal: Injury-free workplace

TRAINING AND EDUCATION

Management Approach

We help our employees grow depending on each employee's interests and capabilities, as well as the needs of our company. We are committed to developing, promoting and supporting employees at all levels. We conduct extensive training programs worldwide; however, we do not currently track the average number of hours of training per employee.

Talent Development

Developing leaders and top talent is critical, so we value a work environment that fosters personal, professional and corporate growth while building a performance-driven organization to attract, engage, develop, reward and retain top talent.

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**

404-2

PROGRAMS FOR UPGRADING EMPLOYEE SKILLS AND TRANSITION ASSISTANCE PROGRAMS

We provide our employees with training and resources that deliver continuous learning and development opportunities. Required and voluntary trainings help our employees develop new skills, expand upon existing knowledge and benefit from coaching and advice.

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 936,911 courses last year, up 46 percent from 2016. There has been a five-fold increase in the use of My-Learning since launching in 2014. We have nearly 5,000 e-learning courses available 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 the enterprise. This development program is available in nine languages.

Global Manufacturing Training Initiative

We will experience a high rate of attrition in the next decade. In response to this, we created the Global Manufacturing Training Initiative (GMTI), an enterprise-wide effort that encompasses the standardized and structured manner which hourly operations and maintenance employees are on-boarded, coached, trained and certified for positions in the mill. 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 inherently instills and reinforces the key commitments of The IP Way Forward and the desired culture of collaboration aimed at continuous improvement.

IP Advantage Program

Our IP Advantage program seeks to identify and develop internal talent early in an employee's career. Program participants have significant upward growth potential. In 2017, we updated the program to include information and experiences around new company initiatives and to help promote retention of our future leaders. The experience connects participants with a range of talented leaders who share how 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.

IP 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.

IP Leadership II

IP 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 2017, 449 leaders were a part of our 15 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 3,500 employees have participated in our Leadership Institute programs.

Our Leadership Model, which includes core elements of Character, Capability and Catalyst, serves as the foundation for International Paper leadership. It is practiced every day by leaders at all levels.

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.

REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS

International Paper's performance management system links individual goals with organizational performance. We conduct annual performance reviews of employees at all levels to guide company decisions relating to compensation and rewards.

Our performance management 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 mutually create the 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 needs. The manager and employee then jointly create an action plan to strengthen areas in need of development and build new leadership skills.

360 Feedback

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

Management Approach

We promote a culture of inclusion where individuals feel respected, are treated fairly and have an opportunity to do their best work every day. We expect our leaders to create diverse and inclusive teams that value individuality and collaboration.

In 2017, we appointed a Chief Diversity Officer to guide our progress. This newly developed role not only expands our efforts to attract, develop and retain the best talent from all backgrounds, but it also supports our commitment to strengthening our culture of inclusion throughout the organization. We believe that creating a workplace that embraces diversity and strives for inclusion is essential to promoting innovation and increasing team dynamics, productivity and, therefore, profitability.

Our leaders are responsible for building and sustaining 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. We do not discriminate or allow any type of harassment against any of our job applicants or employees because 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.

Our diversity and inclusion strategy includes:

- **Building diverse teams**
- **Reinforcing inclusive behaviors**
- **Leveraging diversity**
- **Engaging and developing all colleagues**

Mentoring Boards

Our mentoring boards allow employees to share cultural perspectives related to the workplace via conference calls and online community resource websites. All employees are welcome to join our three mentoring boards: African American Mentoring Board, Hispanic and Latino Mentoring Board and Women in IP Mentoring Board. The boards are designed to capitalize on the energy, passion and experiences of employees to improve both individual and company performance. Mentoring leaders share knowledge and encouragement to help members with personal and professional development.

The quarterly meetings hosted nearly 1,300 employees throughout 2017. We consistently look at opportunities to add mentoring boards or other engagement groups where there is a significant level of employee interest. For example, we formed a Veterans Focus group to identify needs and opportunities to engage with our U.S. population of veterans.

Inclusion Forums

Inclusion Forums are held twice a year with the goal of building diversity and inclusion champions, enhancing our ability to attract and retain the right talent in the right jobs, and establishing consistent inclusive leadership skills. Forum topics include workforce trends, managing diversity of personality and style, engagement through inclusion as well as other topics relating to generational diversity and unconscious bias. There have been 934 Inclusion Forum attendees since program inception in 2013.

DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

The main governance bodies are the Board of Directors, Senior Lead Team comprised of senior vice presidents, and Officers of the Company comprised of vice presidents. For demographic information about general employees, please see section 102-8.

2017 Diversity of Governance Bodies

	MEN	WOMEN
Board of Directors	75%	25%
Senior Lead Team	83%	17%
Officers	84%	16%

	UNDER 30	31-50	51 AND OVER
Board of Directors	0%	0%	100%
Senior Lead Team	0%	8%	92%
Officers	0%	26%	74%

HUMAN RIGHTS ASSESSMENT

Management Approach

Our Human Rights Statement, available at www.InternationalPaper.com, reflects the company's commitment to protecting and advancing human rights globally. We respect international principles of human rights, including those expressed in the UN Declaration of Human Rights.

As such, 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 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 recent 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.

SIGNIFICANT INVESTMENT AGREEMENTS AND CONTRACTS THAT INCLUDE HUMAN RIGHTS CLAUSES OR THAT UNDERWENT HUMAN RIGHTS SCREENING

We expect suppliers to comply with our Supplier Code of Conduct as outlined in our standard terms and conditions. The majority of written supply agreements include a supplier commitment to comply with our Supplier Code of Conduct or with their own code of conduct if it has substantially similar principles. Our supply chain sustainability team has a robust supplier screening process that inquires into suppliers' policies and practices, including human rights and labor practices. All suppliers engaged through our strategic sourcing process must respond to a pre-screen questionnaire.

Supplier Code of Conduct Summary

Safety

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

Make each day A SAFE DAY

Environmental

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

Use resources WISELY

Social

- Encourage 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 process 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

Management Approach

At International Paper, Investing in People means making 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. In 2017, we formed a new Community Engagement team responsible for leading the company's efforts.

In 2017, International Paper provided more than \$19 million* around the globe to support hundreds of charitable organizations. Community engagement projects are managed at the respective global and/or local affiliate levels. 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
International Paper Corp.	1898	International Paper Officers and Leaders	Company funded
IP Foundation (United States)	1952	International Paper Leaders	Company endowments
International Paper Kwidzyn Charity Foundation (Poland)	1994	International Paper Leaders	Annual company and employee contributions
Instituto International Paper (Brazil)	2007	International Paper Leaders	Annual company contributions
Russia Social Council	2001	International Paper Officers and Non-officer Employees	Company funded
IP India Foundation	2013	International Paper Leaders	2 percent of the average profit of prior three years
Employee Relief Fund	2001	International Paper Officers and Non-officer Employees	Employee donations and company matching contributions

International Paper Foundation

All International Paper's U.S. sites play important roles in their communities. Each site receives an IP Foundation allotment to use to address critical needs in their communities.

In 2017, the International Paper Foundation contributed \$3.5 million to U.S. nonprofit entities.

Kwidzyn Foundation

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 all kinds of disabilities (support includes funding of medical treatments, medicines, equipment and rehabilitation), and people suffering from poverty, as well as co-financing sports activities

**Includes employee giving*

and financing school equipment. In 2017, we supported 443 applicants with financial or material support amounting to more than 435,890 Polish Zloty.

Instituto International Paper

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 of Brazil. The Institute's projects reach approximately 30,000 people throughout Brazil each year.

IP India Foundation

IP India Foundation, wholly owned subsidiary of International Paper APPM Ltd, makes positive contributions to the communities around IP's manufacturing facilities and farm forestry areas in its focus areas: education, environment and engagement.

Russia Social Council

We have a Social Council in Svetogorsk that is comprised of 11 people from different departments. This council makes decisions in accordance with the following criteria and in the frame of annual budget:

- **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 their 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 temporary relief in the form of basic necessities such as food, clothing or shelter. Through the generosity of International Paper and its employees, more than \$800,000 was given to more than 700 employees during 2017.



COMMUNITY ENGAGEMENT PROGRESS

\$19.3 million donated
to charitable organizations in 2017*

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

** Includes \$3.2 million raised through employee donations and fundraising*

Our company cannot succeed if our communities do not succeed. Strong relationships with our communities are critical to being good neighbors. Our activities have a direct impact on the communities surrounding our operations, particularly our manufacturing sites and large offices.

We pride ourselves on being a good neighbor – whether that is outside the front door of our world headquarters or our backyards around the world. We continue to be a force for good by mobilizing our people, products and resources to address critical community needs. Our community engagement efforts include financial contributions, volunteer opportunities and product donations.

Monitoring and Assessing Impact

When assessing projects, our measure of success is the impact to the community and beneficiaries – not material return on investment. We believe that good global citizenship is fundamental to our company practices.

We expect 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.)**

Community Engagement

We provide a wide array of volunteer opportunities and celebrate the contributions our employees make in the diverse communities where they live and work. Employees at all levels dedicate their time, talents and energy to making a difference. In addition to one-time activities, employees lend their professional expertise by volunteering on nonprofit boards in their respective communities.

Employees around the world participate in volunteer activities, but we do not have a system to accurately capture hours. We are evaluating several platforms and expect to implement a system in 2018. We manually track activities in our headquarters city. International Paper has presence on more than 40 Memphis community boards and has more than 200 Memphis-based employee volunteers serving 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 activities in those communities. In 2017, International Paper and its employees pledged \$3.9 million to United Way, including \$2.5 million in employee contributions.

In addition to the financial pledges, more than 700 Memphis-based employees volunteered 2,400 service hours during the Mid-South United Way Days of Caring. These volunteer hours equate to more than \$49,000 in economic impact.

Community Advisory Councils

Our Community Advisory Councils are vehicles for ongoing communication between our operations and area residents. They serve as forums to allow communities to ask questions, get 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 negative feedback and help the site build a better relationship with the community. Communication often leads to positive change.

**19 U.S. mills
actively engage in
community dialogue**

Relationships with Schools

During the 2016-2017 school year, we hired 178 graduates for full-time U.S. positions in engineering, manufacturing, information technology, finance, supply chain and human resources.

International Paper recruits at approximately 40 U.S. colleges and universities, and 60 to 70 percent of our U.S. recruits 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**

Over the last decade, International Paper has hired more than 40 engineers from **Auburn University's Samuel Ginn College of Engineering**. International Paper reaffirmed its commitment to the school by making a \$200,000 donation to the Auburn Pulp and Paper Foundation. The Auburn Pulp and Paper Foundation provides scholarship support to help Auburn University provide an adequate and continuous supply of highly skilled entry-level engineers.

In 2017, International Paper was **Mississippi State University's** top hiring company. To date, nearly 300 MSU graduates are part of International Paper working in manufacturing, finance, IT, Global Sourcing and various business roles. Since 2015, IP has invested more than \$4 million in the university's diversity and inclusion programs, engineering labs and student work areas.

International Paper has a long history of offering internships and co-ops. In addition to 200 students gaining valuable hands-on experience in 2017, we also offered them opportunities to learn more about International Paper while providing them exposure to company leaders.

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, safety in the forestry and paper industry. The program centers around 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.

Russia

International Paper's strategic relationship with the Moscow School of Management SKOLKOVO began in 2010. Our Chairman and CEO Mark Sutton serves on the SKOLKOVO International Advisory Board. Talent development, strategic leadership and sustainable development are our key focus areas.

International Paper contributes to the development of future Russian business leaders by supporting SKOLKOVO's educational programs and modules, including the SKOLKOVO MBA flagship program and the unique Kamchatka MBA Leadership module. We also provide SKOLKOVO MBA grants and support one of the largest Green Walls in Eastern Europe that happens to be on campus.

Together with Unilever and SKOLKOVO, we have created the SKOLKOVO Sustainability Lab (Institute for Emerging Market Studies). Sustainability is often promoted by leading business schools, but in Russia the concept is very new. The Sustainability Lab is the first of its kind in Russia and is focused on developing responsible business leaders who have the capacity to drive change and build sustainable business models in the country.

Since starting our relationship, we have launched several joint exhibitions, supported research, provided workshops and lectures, and implemented many highly visible projects.

Brazil

Launched in 2010, in partnership with the lochpe Foundation, the Formare School in Brazil continues to grow and prosper. The school, established at our Mogi Guaçu and Luiz Antônio Mills in São Paulo, and Três Lagoas Mill in Mato Grosso do Sul, provides educational and professional development for at-risk teenagers. The program offers nine months of specialized trade classes, giving high school sophomores and juniors a valid certificate of technical education from the Ministry of Education. The professional training course is a supplement to regular schooling. In 2017, Foremare engaged 275 students and volunteer educators. In addition, the Formare School includes 50 volunteer executives in the "Mire-se no Exemplo" ("Follow the Example") student tutoring program.

Since the program's inception, more than 270 students have completed the training course, earning diplomas as Process Industry Production Assistants.

Impact of Formare School:

14 former students
hired by International Paper in 2017 as employees, apprentices or interns

75% of graduates
got their first job

54% of graduates
continued their studies at a technical or higher level

Management Approach

We collaborate with our suppliers to improve the environmental and social impact of our supply chain, and through our 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 find ways to reduce costs and improve our footprint. We recognize team and individual efforts to align sourcing practices with our global citizenship goals.

U.S. Supplier Diversity Program

International Paper has a longstanding commitment to supplier diversity. We recognize suppliers who are certified as minority owned, woman owned, veteran owned or economically disadvantaged owned businesses. Having a diverse supplier base allows us to contribute to the economic well-being of the cities and towns in which we live and work, and in turn gives us access to suppliers that provide the products and services we need.

Our suppliers are true business partners who reflect our customers, employees and communities, and bring value to our company by delivering creative, cost-effective solutions to our businesses. Equally as important, by working with them we are able to fuel local business development, contribute to economic growth and create jobs that ultimately enhance the communities in which we work. Their efforts help us deliver world-class products and services to meet our customers' needs, thereby improving our position in the marketplace as an innovative leader.

In 2017, we spent a total of \$393 million with diverse suppliers, 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 2018, we look forward to continuing our commitment to include diverse 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

INTERNATIONAL  PAPER

Management Approach

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 we engage trade and business associations, customers, suppliers, employees, communities and non-governmental organizations on issues of mutual concern. The chart below shows our 2017 focus areas.

<p>ENERGY DIVERSITY AND EFFICIENCY</p>	<p>BIOMASS CARBON NEUTRALITY</p>	<p>RECYCLING</p>
<p>We support policies that promote energy diversity and economic development, consistent with our principles of responsible, efficient and sustainable use of natural resources.</p>	<p>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.</p>	<p>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.</p>
<p>GLOBAL TRADE</p>	<p>CORPORATE TAX REFORM</p>	<p>INFRASTRUCTURE</p>
<p>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.</p>	<p>We believe that government corporate tax policy should create and sustain long-term economic growth.</p>	<p>We support government and private investments to upgrade energy, water and transportation infrastructure where we operate.</p>
<p>COMBATING ILLEGAL LOGGING</p>	<p>TRANSPORTATION</p>	<p>EXTENDED PRODUCER RESPONSIBILITY</p>
<p>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.</p>	<p>As a leading shipper of freight, we support policies that make our truck, port and rail shipments more efficient and competitive.</p>	<p>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.</p>
<p>POSTAL REFORM</p>	<p>PRODUCT BANS</p>	<p>WORKFORCE</p>
<p>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.</p>	<p>We oppose policies that limit consumer choice by placing a ban or fee on paper products.</p>	<p>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.</p>

POLITICAL CONTRIBUTIONS

We sponsor the International Paper Political Action Committee 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.

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. 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 fifty companies in the S&P 500 to receive the top ranking for political disclosure and accountability due to our voluntary reporting efforts.

MARKETING AND LABELING

Management Approach

We use renewable resources to create innovative, recyclable and sustainable products that help our customers achieve their objectives, and we use customer feedback to strengthen relationships and create new products to meet consumer demands. Our product stewardship team leads our efforts 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.

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. Voluntary Ecolabel certifications are held by many of our products and restricts the use of chemicals of concern. We continually monitor developments in these areas to ensure we comply with all applicable regulations.

INCIDENTS OF NON-COMPLIANCE CONCERNING PRODUCT AND SERVICE INFORMATION AND LABELING

We had no incidents of non-compliance with product safety regulations or voluntary codes concerning product and service information and labeling in 2017.

Measurement Techniques and External Assurance

Company-wide environmental performance data and other key indicators gathered by facility environmental teams, global financial services and other subject-matter experts are entered into our global data collection system, METRIX. The data are then validated by corporate Environment, Health and Safety staff and subject-matter experts. The METRIX system was implemented using a multi-year process and continues to improve our process for data collection.

Data parameters and calculation methods are established using a combination of international, government, industry and company standards and protocols. Reasonable effort was made to ensure the information presented is accurate and complete. External assurance was not solicited for this report.

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 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 manufactures doing business in California to disclose on their websites their efforts to eradicate slavery and human trafficking from direct supply chains – whether in the United States 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 nonprofit 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.

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 greenhouse gas 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 that, 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 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 greenhouse gas 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

How we 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 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 assessment 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 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 United States 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 United States.

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 greenhouse gases 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.

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 Content Index

'IN ACCORDANCE' CORE

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. All data are reported as of Dec. 31, 2017, unless otherwise stated. Data are included from all global operations, including International Paper Africa, Asia, Brazil, Europe, India and the Middle East. 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.

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The mark of responsible forestry



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