

GLOBAL CITIZENSHIP REPORT

2019

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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 2019 calendar year, and data are accurate as of December 31, 2019.

This report is supplemented by our 2019 Annual Performance Summary, Company Overview and information available at [InternationalPaper.com/reports](https://www.internationalpaper.com/reports). Sustainability at International Paper encompasses our entire value chain. This report is organized around the key impact points along our value chain.

Our Company

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

WHO WE ARE

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

WHAT WE DO

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

HOW WE DO IT

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

CORE VALUES

Safety

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

Ethics

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

Stewardship

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

\$22 Billion

total revenue in 2019

More than
50,000
global
employees

25,000
customers in
150 countries

More than
\$24 Million
invested to address
critical needs in the
communities where
we live and work
in 2019

Every International
Paper job supports
3.25 jobs
in industries and
local communities

Letter from our Chairman and CEO

2019 was important in the world of sustainability, with a growing number of companies stepping up their efforts to address the world's most pressing environmental challenges and increased investor focus on environmental, social and governance (ESG) performance.

As a member of the Business Roundtable and one of the 181 signatories of the new [Statement on the Purpose of a Corporation](#), I believe that International Paper has a responsibility to generate long-term value while protecting the planet and improving people's lives.

Our strategic framework, The IP Way Forward, ensures our business strategy delivers sustainable outcomes. As I look to the future, I am confident that International Paper will play a leading role in building a better future for all our stakeholders – employees, customers, suppliers, communities, governments, non-governmental organizations, and shareholders.

Our [Vision 2020](#) goals conclude in December of this year, and we are on track to meet or exceed nearly all of them. This made 2019 a pivotal year for us, as we finalized our next generation of goals and focused our attention on outlining a sustainable path to 2030. The process of benchmarking, assessing materiality among our internal and external stakeholders, identifying global trends and interviewing subject matter experts began in 2018. It was important to us that our goals were focused, ambitious and moved the needle on both environmental and social challenges. We aimed for goals that establish us as an industry leader in sustainability and push us to drive significant progress in the circular economy.

Aligned with our company's strategic framework, our [Vision 2030 goals](#) demonstrate our commitment to building a better future for people, the planet and our company. Our four goals are:

- Healthy and Abundant Forests
- Thriving People and Communities
- Sustainable Operations
- Renewable Solutions



Mark S. Sutton,
Chairman of the Board
and Chief Executive Officer

"I believe that companies like International Paper have a responsibility to generate long-term value while protecting the planet and improving people's lives."



THE IP WAY FORWARD

The IP Way Forward is our strategic framework for pursuing our Vision and creating value for all stakeholders for generations to come.

As a global leader in the forest products industry, International Paper is uniquely positioned to drive significant progress in the circular economy, and these goals strengthen our efforts to provide our customers with more sustainable products. We will share progress on these new goals in our 2021 report.

As I write this letter, the world is battling the COVID-19 pandemic. The role of International Paper has become abundantly clear as we joined forces with our customers, nonprofit partners and communities to respond to the pandemic. The tragic deaths of George Floyd and many other people of color have also deeply affected us and urged us to reflect, listen and take action. Like you, I am attempting to process the tragedy, and I grieve for the families that have been impacted. These are just two examples of the global challenges we all face, including climate change, clean water, poverty, education and decent work and economic growth. We support the United Nations' Sustainable Development Goals (SDGs), which are driving cross-sector collaboration to achieve a more sustainable and equitable future for everyone around the world. Our global citizenship strategy and our Vision 2030 goals will help drive meaningful action on 12 of the SDGs.

Customers, investors and employees depend on us to be leaders in environmental stewardship and to strengthen our people and communities. Underscoring our commitment to progress, we named our first chief sustainability officer in early 2020. Sophie Beckham has been a sustainability leader at International Paper since 2013. She has been instrumental in refining our company's sustainability strategy and developing our Vision 2030 goals. Her appointment is the next step in our continuing progress.

As you review our 2019 Global Citizenship Report, you will see that our approach to sustainability considers our entire value chain, from sourcing raw materials responsibly to providing a market for recovered products, and from the safety of our employees to addressing critical needs in the communities where we live and operate. We engage each of our stakeholder groups on priority issues and map these to our value chain, which you can read about in [Our Sustainability Strategy](#).

Our company is on a path to achieving our Vision – to be among the most successful, sustainable and responsible companies in the world.

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

Vision 2020 Goals

We measure and report on 12 voluntary goals with a 2010 baseline, aimed at improving our impact on people and the planet. We're on pace to achieve or exceed most of these goals by the end of 2020, but we recognize that there is still work to do. The next generation of our company's goals, [Vision 2030](#), reflect our commitment to be a more sustainable corporation—one that generates profits for its shareowners while protecting the planet and improving people's lives.

Sustaining Forests



FIBER CERTIFICATION

Goal: Increase third-party certified fiber by 35%
2019 Progress:

47% increase in certified fiber volume



RECYCLING

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

2019 Progress:

63% increase in recovery of OCC

Improving Our Planet



ENERGY EFFICIENCY

Goal: Improve efficiency in purchased energy use by 15%
2019 Progress:

5% improvement in purchased energy efficiency



WATER STEWARDSHIP

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

2019 Progress: Updated water risk framework and continued annual facility assessments; 70% of mills engaging local stakeholders on water



SUPPLY CHAIN

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

2019 Progress: Evolved Supplier Code of Conduct to Third Party Code of Conduct to include all third parties across supply chain and expanded risk monitoring processes



FIBER EFFICIENCY

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

2019 Progress:

0.63% fiber loss from reporting mills in 2019

Investing in People



SAFETY

Goal: Injury-free workplace
2019 Progress:

65% reduction in serious safety incidents



COMMUNITY ENGAGEMENT

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

2019 Progress:

more than
\$134 million

donated to charitable organizations since 2010, including more than \$24 million in 2019



GHG EMISSIONS

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

2019 Progress:

22% reduction in GHG emissions



AIR EMISSIONS

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

2019 Progress:

49% reduction in air emissions



WATER QUALITY

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

2019 Progress:

28% decrease in oxygen-depleting substances



SOLID WASTE

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

2019 Progress:

19% reduction in manufacturing waste to landfills

To learn more about our Vision 2020 Goals, please visit: [InternationalPaper.com/vision-2020](https://www.internationalpaper.com/vision-2020)

Our Businesses

Creating innovative products from responsibly sourced, renewable resources.

INDUSTRIAL PACKAGING

69% of total revenue



We create packaging products that protect and promote goods, enable worldwide commerce and keep consumers safe. We meet our customers' most challenging sales, shipping, storage and display requirements with sustainable solutions. In addition to containerboard mills, box plants and converting operations across the globe, our North American recycling business recovers, processes and sells seven million tons of corrugated packaging and paper annually. Additionally, we provide high-quality coated paperboard for consumer packaging throughout Europe, the Middle East and Africa (EMEA). Customers rely on us for pharmaceutical, healthcare, cosmetics, food and beverage packaging solutions.

GLOBAL CELLULOSE FIBERS

12% of total revenue



We create quality cellulose fiber products suitable for a wide range of applications that promote health and wellness. Cellulose fiber is a sustainable, renewable raw material used in hundreds of products people use every day, including baby diapers, feminine care, adult incontinence and other personal hygiene products that promote health and wellness. Our innovative specialty pulps are also used as a sustainable raw material across a variety of industries such as textiles, construction material, paints and coatings and more.

PRINTING PAPERS

19% of total revenue



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

Our Operations

NORTH AMERICA

- 28** pulp, paper and packaging mills
- 176** converting and packaging plants
- 18** recycling plants
- 3** paper bag facilities

EUROPE, MIDDLE EAST, AFRICA, RUSSIA AND SOUTH AMERICA

- 13** pulp, paper and packaging mills
- 34** converting and packaging plants

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

MARKETS SERVED

Asia

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

Europe, Middle East, Africa and Russia

Our Europe, Middle East and Africa businesses manufacture uncoated freesheet paper, coated paperboard, pulp, recycled containerboard and corrugated packaging. We supply these products to customers across the region and beyond.

In Russia, in addition to our paper mill in Svetogorsk, we hold 50% 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.

South America

We produce uncoated freesheet, containerboard and corrugated packaging.¹ We supply packaging and paper to customers throughout Brazil and also export paper throughout Latin America, Europe and Asia.

North America

Our global headquarters is in Memphis, Tennessee. In North America, we produce containerboard and corrugated packaging products; pulp for hygiene products, tissue and paper bags; and uncoated freesheet papers. 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 containerboard mill in Mexico and one pulp mill in Canada.

¹ In March 2020, International Paper entered into an agreement to sell its Brazilian corrugated packaging business to Klabin S.A

Our Sustainability Strategy

As one of the world's largest packaging, pulp and paper companies, we acknowledge our impacts and dependencies on natural and human capital, and our responsibility to promote the health of people and our planet. Our commitment to sustainability is foundational to our vision, mission and core values. Our strategic framework, The IP Way Forward, guides how we view sustainability in our business and across our value chain.



THE IP WAY FORWARD

The IP Way Forward is our strategic framework for achieving our vision and creating value for all stakeholders for generations to come.

Sustaining Forests

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

Investing in People

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

Improving our Planet

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

Creating Innovative Products

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

Delivering Inspired Performance

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

Our industry plays a critical role in supporting employment and business opportunities while promoting the long-term sustainability of natural resources. We believe the sustainable management, conservation and restoration of forestland is an important lever for mitigating climate change through carbon storage in forests and is vital to the long-term prosperity of our company, our communities and our planet. Advancements in technology and emerging consumer trends continue to impact how people view and value forests around the globe. From rising demand for 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 sustainability strategy on the issues where we have the greatest impact. To help inform and prioritize the focus of our sustainability strategy, we engage with internal and external stakeholders using a variety of methods including our bi-annual materiality assessment. We assess key issues and associated risks and opportunities, adjusting our tactics when necessary as part of our deliberate improvement efforts. Learn more in [Stakeholder Engagement](#). We also incorporate environmental, social and governance (ESG) considerations into our everyday processes and corporate [governance structure](#) to ensure that we adequately address risks, operate sustainably and responsibly, and create long-term value.

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

We continue to work to advance the low-carbon, circular economy by designing products to be 100% reusable, recyclable or compostable, and we collaborate with customers, suppliers, and each other to build circular processes into our work. We deliver sustainable solutions for our customers by transforming renewable resources into recyclable products people depend on every day.

Sustainability at International Paper encompasses our entire value chain — from fiber procurement to the end use and recovery of our products. As such, the remainder of this report is organized around the key impact points along our value chain.

ALIGNED WITH UN'S SUSTAINABLE DEVELOPMENT GOALS

With the launch of our Vision 2030 goals, we are tracking the impact of our global citizenship strategy across the United Nations' Sustainable Development Goals (SDGs). Given the nature, scale and reach of our company, we are making the most meaningful contributions to the following 12 SDGs:

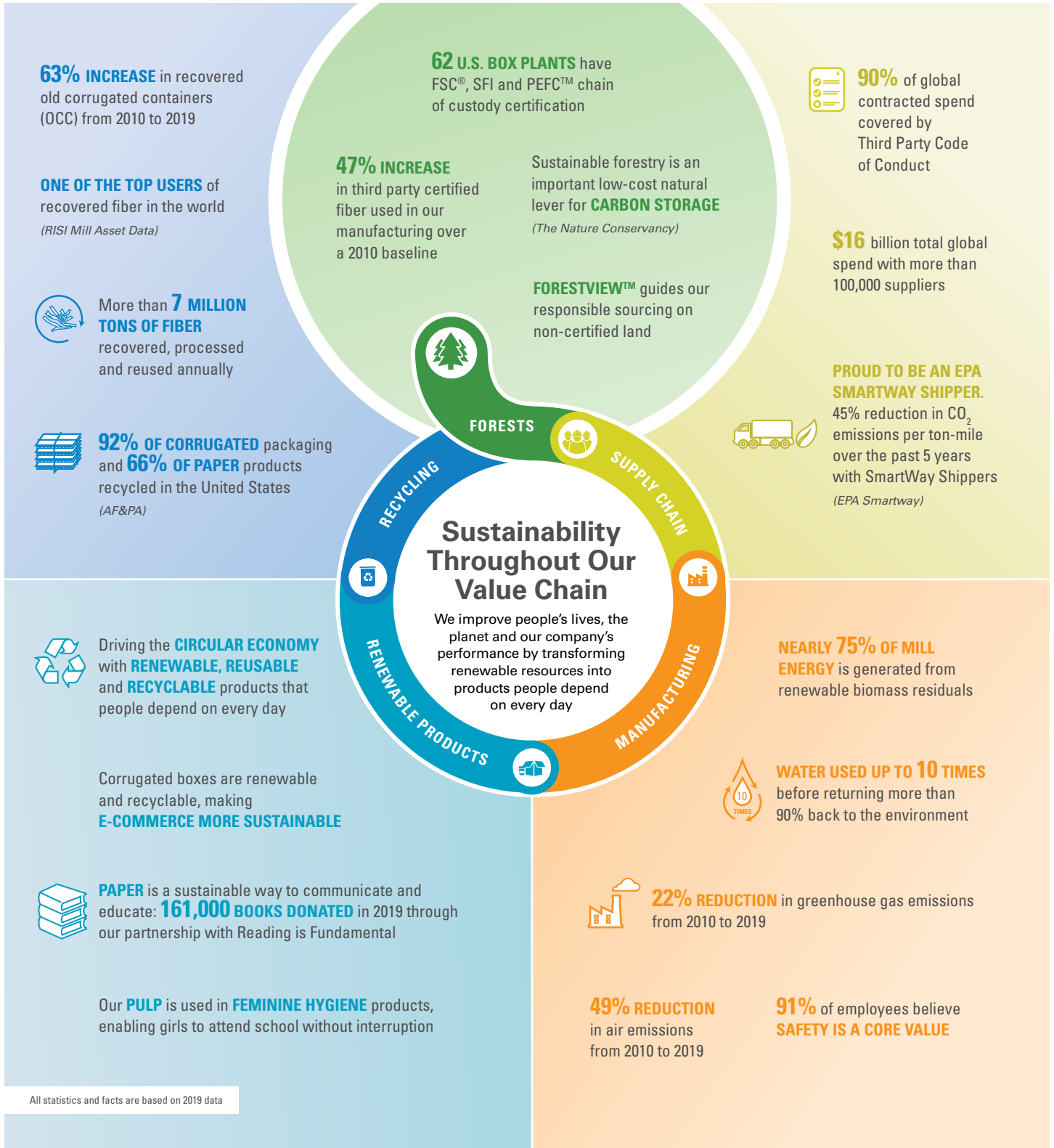


“The United Nations’ Sustainable Development Goals (SDGs) provide companies, governments and non-governmental organizations with a blueprint to build a more sustainable future for all. The SDGs are accelerating cross-sector action, and we’re proud that our global citizenship strategy is meaningfully delivering on 12 of the 17 SDGs that have direct relevance to International Paper given the nature, scale and reach of our company.”

– **Sophie Beckham**, chief sustainability officer, International Paper

Sustainability Throughout Our Value Chain

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





SUSTAINING FORESTS

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

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

International Paper has teamed up with stakeholders, from small family farmers to global environmental organizations, to sustain forestlands through management, conservation and restoration. 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 [World Wildlife Fund's Global Forest & Trade Network](#), which focuses on eliminating illegal logging and promoting environmentally and socially responsible forest management.

Our efforts to advance sustainable forest management and restore forest landscapes are important levers for mitigating climate change through carbon storage in forests. Because our products are made from these renewable resources, they enable our customers to reduce their carbon footprint, meet their sustainability goals and promote a low-carbon, circular economy.

SUSTAINABLE SUPPLY CHAIN



As a global manufacturing company, we source a wide range of inputs from over 100,000 suppliers around the world. We are committed to doing business with integrity, treating all people with dignity and respect, supporting our communities and honoring the laws that govern our operations.

We hold our providers to the same ethical standards to which we hold ourselves. We expect our suppliers to adhere to the requirements in our [Third Party Code of Conduct](#),² which outlines our expectations regarding the workplace standards and business practices of all third parties with whom we do business. These principles decide whether we form or extend business relations.

Our supply chain sustainability strategy is supported by three complementary drivers: promoting transparency, enhancing risk, and strengthening partnerships. We endeavor to strengthen our supply chain through monitoring, surveying and auditing.

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

MANUFACTURING RESPONSIBLY



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

Our primary actions in response to climate change are to reduce greenhouse gas (GHG) emissions in our operations through improvements in energy efficiency and maximizing the use of renewable energy,

² An expanded version of our Supplier Code of Conduct, which was released in 2019. [Learn more.](#)

such as carbon neutral biomass residuals, versus fossil fuels. Throughout our value chain we work to reduce GHG emissions by practicing and promoting responsible forest stewardship, engaging across our supply chain, improving our manufacturing footprint and creating strategic partnerships. Additionally, forests are one of nature's most powerful systems to capture carbon dioxide, purify water and create diverse plant and animal habitats. Forests represent the largest store of terrestrial carbon in the world, and we are on the front line of contributing to healthy forest ecosystems in both working and non-working forests.

Manufacturing responsibly also includes the health and safety of people. Our most important measure of success is ensuring all employees, contractors and visitors arrive home safely every day. Since 2010, we have reduced serious injuries by 65% by building an active safety culture. We continue to work with employees, suppliers and contractors to create layers of protection to ensure everyone returns home safely every day. We believe an injury-free workplace is possible. We know we still have a long way to go to achieve this ultimate goal, but we are working on the right things, and we are committed to keeping each other safe.

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

INNOVATIVE, RENEWABLE PRODUCTS

Beyond our responsible manufacturing operations, we seek to elevate the role we play in helping to mitigate the potential climate impacts from human activities. International Paper embraces the concept of the circular economy. We seek to evolve the design of our products so that they can enjoy multiple lives through continuous cycles of recovery and reuse.

Driven by this concept of circularity, we are innovating renewable solutions that are reusable, recyclable or compostable. We believe that by creating renewable solutions that meet the evolving demands of consumers, we're accelerating the transition to a low-carbon economy. We strive to meet those demands by using research, ingenuity and creative thinking to transform renewable resources into recyclable, fiber-based products that people depend on every day.

Our sustainable innovation and design strategy begins with market research, as we anticipate consumer trends and customer needs. We design and innovate products and services while considering recyclability, sustainability, weight, materials and more. We're continuously working to find new ways to use responsibly sourced wood fiber to create innovative, sustainable solutions for our customers and consumers around the globe. Our extensive testing practices ensure products are durable and perform as expected.

RECYCLING AND BEYOND

Our products are made out of renewable fiber from responsibly managed forests and at their end-of-use can be recycled and turned back into products that people depend on every day. We continuously work to evolve the design of our products so that they can enjoy multiple lives through repeated cycles of reuse and recycling.

To create the most sustainable business model possible, International Paper looks beyond basic recycling to evaluate our entire value chain and to contribute to the circular economy through our manufacturing processes. We champion responsible forestry, put residual materials to good use in the manufacturing process and recover and reuse fiber. International Paper is one of the two largest users of recovered fiber in the world.

What happens at a paper product's traditional "end-of-use" — whether a customer places it in the recycle or trash can — will never be fully within our control. However, International Paper continues to work to increase recycling rates and to encourage more recovery in the residential sector. Given our global reach and the growth of online shopping and e-commerce, we see abundant opportunities to make an even greater impact. To this end, International Paper is a funding partner of [The Recycling Partnership](#) and is involved in projects with the [American Forest & Paper Association](#), [Fibre Box Association](#) and the [Confederation of European Paper Industries](#).





RESPONSIBLE BUSINESS PRACTICES

Responsibility and stewardship underscore every action we take throughout our value chain. It's part of our Vision — we cannot be a sustainable or successful company without being a responsible one. It starts with people — attracting and developing a talented, diverse workforce and ensuring everyone returns home safely at the end of each day.

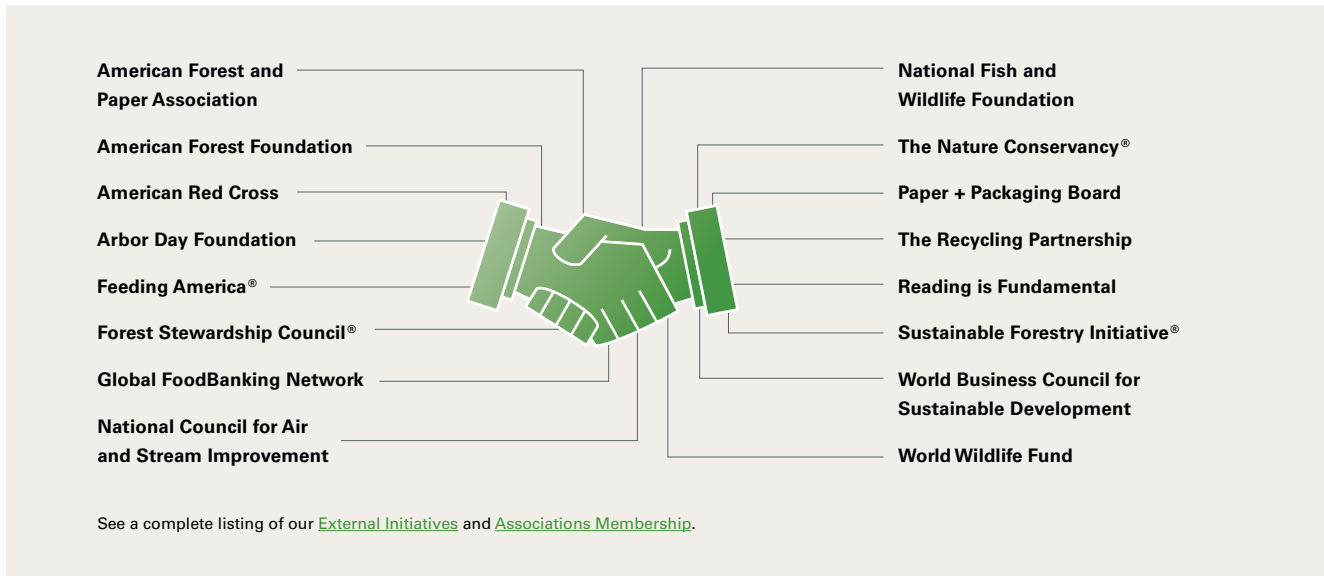
It extends to our communities. We seek to be a good neighbor by mobilizing our people, products and resources to address critical needs in the communities where our employees live and work. We do this by focusing our community engagement efforts in four key areas:

- Education
- Health and Wellness
- Hunger
- Disaster Relief

Through these signature causes, International Paper invested more than \$24 million in 2019 to address critical community needs across the world.

But it doesn't end there. We deliver long-term value for all stakeholders through solid governance, a commitment to ethical business practices and positive government relations. For the 14th consecutive year, the Ethisphere Institute recognized International Paper as one of the World's Most Ethical Companies. Of this year's 132 honorees, we are one of only seven companies to receive the recognition for 14 years running.

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



Stakeholder Engagement

Sustainability at International Paper encompasses our entire value chain — from fiber procurement, operations and products to our communities, employees and suppliers. To focus our sustainability strategy on the issues most material to our business, we employ a variety of stakeholder engagement methods, including organizing continuous engagement efforts by stakeholder groups and conducting a bi-annual materiality assessment.

CONTINUOUS ENGAGEMENT EFFORTS

Our global stakeholder network ranges from people we engage with regularly through our operations to those in public positions who influence our activities. Our stakeholders include communities, customers, employees, governments, non-governmental organizations, shareholders and suppliers.

We employ a variety of stakeholder engagement methods to assess key issues, associated risks and opportunities, and to help inform and prioritize our sustainability strategy. These engagement methods and the subsequent analysis help us understand how well we are fulfilling our responsibility as a valuable partner for customers and suppliers, good employer for our employees, sound investment for shareholders and good neighbor for the communities where we live and work.

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

You can view more detail on our engagement methods by stakeholder group in the [Appendix](#).

BI-ANNUAL MATERIALITY ASSESSMENT

We conduct a formal materiality survey every two years seeking input from each of our stakeholder groups to fine-tune or course-correct our global citizenship strategy and disclosure efforts.³ By engaging internal and external stakeholders on their view of the relative importance of our company's impact, programs and performance in key areas, we can optimize our sustainability strategy and further work to reduce our impact.

We carefully review all results and focus efforts on the issues that are the highest priority for stakeholders and that have the biggest estimated impact on the company. In our 2018 materiality assessment, nearly all of the 42 issues surveyed were ranked as "very important" by both internal and external stakeholders. The key areas of focus were:

- Workforce and human rights issues – such as worker health and safety, business ethics and public safety – increased in importance and were seen as top issues among both internal and external stakeholders.
- Environmental and social issues – such as greenhouse gas emissions, fiber recovery, land use rights and responsible sourcing practices – also increased in importance significantly.
- Responsible forest management and watershed stewardship issues remained of high importance.
- Other related issues – such as climate change, transparency and disclosure, compensation, and employee training and development – fell below other top issues but retained a ranking of "very important."

You can view the top quadrant of the [2018 material issues matrix](#) and our [material issues](#) mapped across our value chain in the [Appendix](#). We will continue to refine this process and engage stakeholders on a regular basis to ensure we address emerging trends and new priorities.

Looking Ahead

Over the past decade, we have measured and reported on 12 voluntary sustainability goals with a 2010 baseline. We're on pace to achieve or exceed most of these goals by the end of 2020, but we recognize that there is still work to do. The next generation of our company's goals, [Vision 2030](#), reflect our commitment to be a more sustainable corporation—one that generates profits for its shareowners while protecting the planet and improving people's lives.

Vision 2030 demonstrates that we are thinking differently about how we use natural resources and our impact on the environment. It also shows how we are increasing our focus on people, including those who work for us and others in our communities.

Our four Vision 2030 goals and their eight targets are designed to demonstrate how our company will drive sustainable outcomes for people and communities, the environment and our customers.

³ Consistency in survey results over the past several years compelled us to move to biennial surveys.

VISION 2030

BUILDING A BETTER FUTURE FOR PEOPLE,
THE PLANET AND OUR COMPANY

Vision 2030 is our next generation of company goals. This commitment will accelerate our progress toward achieving our vision of being among the most successful, sustainable and responsible companies in the world. In December of 2020, we will conclude progress on our [Vision 2020 goals](#) and we will begin to track our progress on Vision 2030.

GOALS:

HEALTHY & ABUNDANT FORESTS

Lead forest stewardship efforts globally

TARGETS:

Source

100% 

of our fiber from sustainably managed forests or recovered fiber while safeguarding forests, watersheds and biodiversity

Conserve and restore

1 MILLION 

acres (400,000 hectares) of ecologically significant forestland

SUSTAINABLE OPERATIONS

Improve our climate impact and advance water stewardship

TARGETS:

Reduce our Scope 1, 2 & 3 greenhouse gas emissions by

35% 

aligned with the best-available climate science

Reduce our water use by

25% 

and implement context-based water management plans at all mills

THRIVING PEOPLE & COMMUNITIES

Promote employee well-being by providing safe, caring and inclusive workplaces and strengthen the resilience of our communities

TARGETS:

Achieve

ZERO

injuries for employees and contractors

Improve the lives of

100

million people in our communities

Achieve

30% 

overall representation of women and 50% women in salaried positions.

Implement regional diversity plans, including 25% minority representation in U.S. salaried positions

RENEWABLE SOLUTIONS

Accelerate the transition to a low-carbon economy through innovative fiber-based products

TARGET:

Advance circular solutions throughout our value chain and create innovative products that are

100% 

reusable, recyclable or compostable

Sustaining Forests

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



2019 Highlights



UNITED STATES

Strengthening Community Resilience

Through the Arbor Day Foundation's Community Tree Recovery Program, we planted 48,000 trees in communities affected by natural disaster throughout 2019, strengthening the resilience of these communities while generating energy savings and reducing CO₂.

Protecting and Enhancing Ecologically Important Forestland

Launched in 2013, our Forestland Stewards partnership with the National Fish and Wildlife Foundation has resulted in:

- 525,000 acres of forest ecosystems planted or enhanced
- More than 470 miles of stream habitat improved
- 16,000 private landowners engaged in implementing forest stewardship practices

Innovating for Forests

[ForestView™](#), our innovative mapping and due diligence system, guides our responsible fiber procurement on non-certified forestland, ensuring our procurement activities maintain or enhance the environmental values of those forests.



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

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



BRAZIL

Science-Based Targets for Forests

We joined forces with the World Wildlife Fund (WWF) in 2018 in the creation of the first ever science-based targets (SBT) for forests, which will identify what quantity and quality of forestland is needed for the planet, people, animals and plants to thrive. In 2019, we completed an analysis of tipping points in eight different forest regions, and researched metrics and allocation methods to support SBT development for the corporate sector. These research products have been shared directly with the [Science-Based Targets Network](#) in support of target development for nature, beyond forests.

Laying Down Roots

Our "Raízes do Mogi Guaçu" ("Mogi Guaçu Roots") collaboration with WWF is working to restore 100 hectares of the Mogi Guaçu river basin in the Atlantic Forest of Brazil, one of the most ecologically important forests in the world. In December of 2019, more than 1,000 seedlings were planted, including Brazilian pines, cedars, silk floss trees and others.

Supportive Beekeeping

IP Brazil's collaboration with Associação ABELHA, which contributed to the mapping and geo-referencing of apiaries in company-owned forests, saw the production of more than 27.5 tons of honey and trained beekeepers on responsible management practices.



FRANCE

Advancing Certification

Since 2012, our wood sourcing business in France has helped more than 850 landowners implement sustainable forestry management practices.

- 532,000 metric tons of Forest Stewardship Council® wood supplied to our Saillat mill since 2012
- Launched IP Forêt Services, providing environmental services solutions to forest owners in France



RUSSIA

Sustainability Lab with Moscow School of Management SKOLKOVO

Extended through 2022, this weeklong training program allows participants from government, the private sector and environmental organizations to learn about new global approaches to sustainable forest management, with the goal of innovating to address the opportunities and challenges of doing business in Russia's forestry sector.

Sourcing Responsibly

IP Russia's Forest Stewardship Council® certified wood supply increased from 47% in 2018 to 71% in 2019.



POLAND

Advocating Sustainability

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

Nurturing a Love of Forests

Since 2015, Kwidzyn mill employees have hosted Eco-School programs for local primary school children. The initiative provides education on forest ecology, sustainable forest management, paper production and recycling.



INDONESIA AND GABON

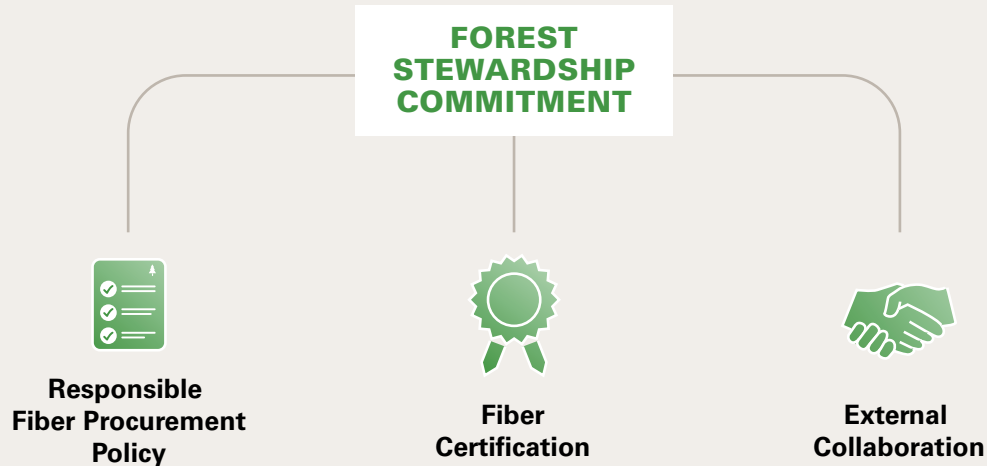
Forests as a Climate Solution

We collaborated with The Nature Conservancy on Reduced Impact Logging for Climate Mitigation, which has the potential to reduce the carbon emissions from logging in tropical forests by half. The innovative approach will help Gabon reach its emissions reductions commitments to the Paris Agreement, and it could unlock \$150M of funding from the Government of Norway for rigorously demonstrated climate action.

Forest Stewardship

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

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



OUR CERTIFIED FOREST MANAGEMENT GROUP PROMOTES SUSTAINABLE FORESTRY PRACTICES

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

Since 2012, International Paper has enrolled thousands of acres of privately owned timberlands into CFM. At the end of 2019, the group included 299 private landowners from 11 states encompassing approximately 663,700 acres. This program is one of the reasons we have achieved a 47% increase in certified fiber volume since 2010.

Fiber Certification

Certification contributes to consumer confidence that the products they purchase support environmentally, socially and economically sound practices — from the tree seedling to the product manufacturing and delivery processes. International Paper uses credible third-party certification to verify responsible forest management. Our practice of sourcing fiber from responsibly managed forests promotes the long-term health and productivity of forests.

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

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

For more information on our [current fiber certifications](#) and our [Global Fiber Procurement Policy](#) visit the [Policies and Certifications](#) on our website.



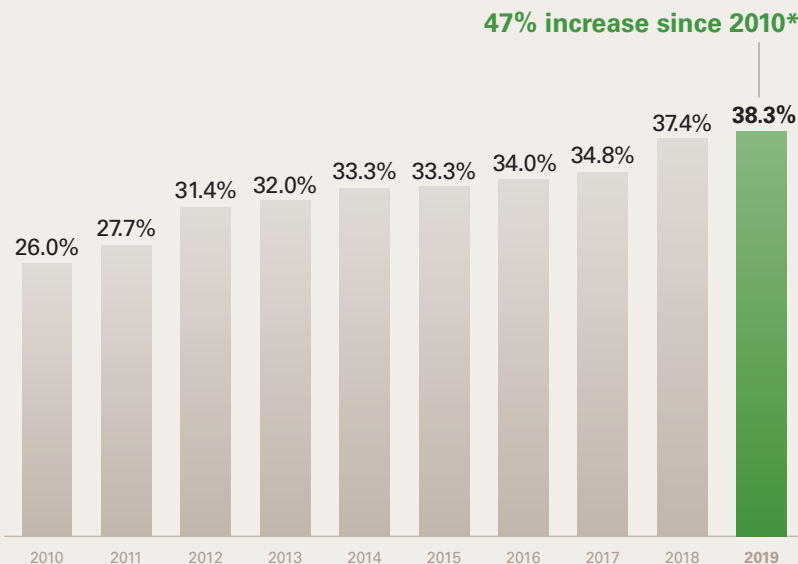
2019 FIBER CERTIFICATION PROGRESS

47% increase in certified fiber volume over 2010 baseline*

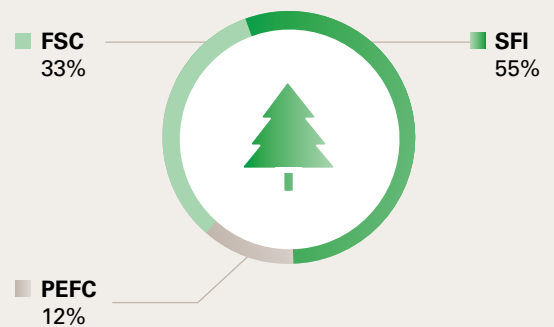
Vision 2020 Goal: Increase third-party certified fiber by 35%

CERTIFIED FIBER PROPORTION

Percentage of certified fiber purchased



TONS OF CERTIFIED FIBER BY CERTIFICATION IN 2019



25.5 million tons
of certified fiber in 2019

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

INNOVATING FOR THE FUTURE OF FORESTS

International Paper developed an innovative mapping system that guides our responsible fiber procurement on non-certified forestland in the United States. ForestView™ builds on our commitment to transparency in fiber sourcing and ensures our procurement activities do not compromise the environmental values of the forests from which we source.

ForestView™

Ensuring your fiber-based products are responsibly sourced

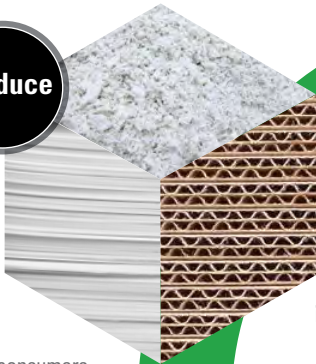
Source



Demand for responsibly sourced fiber incentivizes landowners to continue to grow and manage their forestland.

A supplier wants to deliver wood fiber to International Paper.

Produce



Customers and consumers can feel good about using fiber-based packaging, pulp and paper products from International Paper.

Responsible Sourcing at Work

International Paper has developed an innovative mapping system that guides our responsible fiber procurement on non-certified forestland in the United States. ForestView™ builds on our commitment to transparency in fiber sourcing and ensures our procurement activities maintain or enhance the environmental values of the forests from which we source.

Assess



Our Fiber Supply team performs due diligence on non-certified land using ForestView™, which assesses the tract for the presence of important conservation values.

Deliver



International Paper contracts with the supplier and forest products are responsibly harvested and delivered to mills.

Review



The presence of important conservation values prompts a discussion with the supplier about responsible forest management approaches. If a risk is present, it must be mitigated before we agree to purchase the wood fiber.

Plan



What's On Our Map?

Rare plant and animal species

Areas of high biodiversity

Areas that provide important landscape connectivity

Rare forest types

External Collaborations

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



Management



Conservation



Restoration

MANAGEMENT

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

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

Through 2019, the Collaborative has helped forest owners make an impact on the land.

- 830 acres of habitat enhanced for at-risk species
- 18,000 acres permanently protected, including bottomland hardwoods habitat
- 3,250 acres of forestland certified across 11 new Tree Farms
- Landscape Management Plan, a new tool to streamline the American Tree Farm System certification process, implemented in South Carolina

The Collaborative has also made strides in creating an engaged, networked community of family forest owners in the region.

- 487 landowners reached
- 216 landowners received site visits from professional foresters
- 122 resource professionals trained
- 15 partners assembled to create an on-the-ground coalition
- 3 forester events focused on engaging women in forestry

IMPROVING FOREST MANAGEMENT TECHNIQUES FOR CARBON STORAGE

We are collaborating with The Nature Conservancy (TNC) on [Natural Climate Solutions](#), the conservation, restoration and improved forest management techniques that increase carbon storage and reduce greenhouse gas emissions in managed forest landscapes. In 2019, our collaborative work focused on strengthening and expanding the use of [Reduced Impact Logging for Climate Mitigation \(RIL-C\)](#), which has the potential to reduce the carbon emissions associated with logging in tropical forests by half. Highlights included a baseline study measuring logging impacts in Gabon, which will inform the national monitoring system. RIL-C, in combination with Forest Stewardship Council® certification, will form the foundation of Gabon's revision to its Nationally Determined Contribution (NDC) under the Paris Agreement. In Indonesia, new RIL-C data collected will form the basis of the first national estimate of baseline logging emissions, which could be used to revise Indonesia's NDC for 2023. Finally, TNC bioacoustic monitoring in these key tropical areas is helping to inform companies, civil society and governments about the impacts of logging on biodiversity.

CONSERVATION

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

Since 2013, NFWF and International Paper have invested more than \$19 million in projects through the Forestland Stewards partnership, leveraging more than \$41 million in matching funds for a total conservation investment of more than \$60 million.

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

Including the 2019 grants, Forestland Stewards will have established and enhanced more than 525,000 acres of native forest and wildlife habitat. To date, the program has engaged nearly 16,000 private landowners through outreach and technical assistance to implement forest stewardship practices.

RESTORATION

Our entire company depends on sustainable forests, so we're working daily to restore the health of forests in priority regions, such as the Mogi Guaçu river basin in the Atlantic Forest of Brazil.

In 2018, we teamed up with World Wildlife Fund (WWF) to advance forest restoration in Brazil as part of our work to create science-based targets for forests. These targets will identify what quantity and quality of forestland is needed for the planet, people, animals and plants to thrive. International Paper is helping to advance the development of forest positive opportunities through the restoration activities in the 5,584-square-mile Mogi Guaçu River basin.

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

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

LEADERSHIP IN FOREST-BASED BIOECONOMY

Russia's transition to the forest-based bioeconomy will require managers trained in both economics and sustainable forest management. The Future Leaders in Forest-Based Bioeconomy program educates representatives from government, the private sector and environmental NGOs on new global approaches to sustainable forest management, forest economics and the opportunities and challenges of doing business in the forestry sector in Russia.

Developed jointly with the European Forest Institute and the Russian Ministry of Industry, the weeklong program includes classroom curriculum and a visit to one of our key customers in Russia. A manufacturing site visit allows participants to study the hands-on sustainability approach and to interact with specialists.

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



Learn how we're [sustaining forests](#) to ensure there will be more trees for generations to come



Sustainable Supply Chain

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



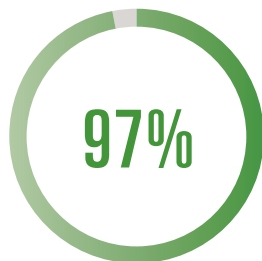
2019 Highlights

THROUGHOUT OUR GLOBAL SUPPLY CHAIN, WE PROMOTE:

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

Registered SmartWay® Shipper

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



of our total ton-miles⁴ in North America are SmartWay carriers

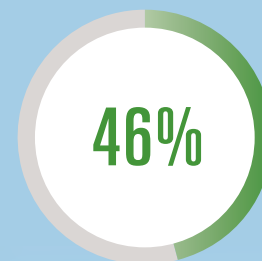


45% reduction in CO₂ emissions per ton-mile⁴ over the past five years among SmartWay carriers

⁴ Transportation metric representing one ton of product transported one mile

Strategic Supplier Improvements

We monitor supply chain risk through annual sustainability surveys that cover all aspects of our Third Party Code of Conduct: ethics, safety, labor and environmental compliance. Our buyers provide feedback from surveys and audits to help our suppliers create action plans for continuous improvement.



of strategic suppliers surveyed improved their scores from 2018 to 2019





More than 600

diverse suppliers in our current supplier diversity program

Focus on Supplier Diversity

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

We partner with diverse firms that can provide value to our business and throughout our value chain. We actively seek to expand and advance our current pool of diverse suppliers through education and mentoring. A primary focus of our program is supporting capacity-building for diverse businesses. We aim to create prosperity through empowerment.

10% increase

in our spend with diverse-owned businesses from 2018 to 2019



Supplier Diversity Effort Generates Emissions Reduction

Our efforts to foster supplier diversity extend across our supply chain, and we encourage our suppliers to partner with us in those efforts. In 2019, one of our Memphis, Tenn.-based chemical buyers introduced a new diverse supplier who brought about emissions reduction.

613 mile reduction per delivery

=

appx. **332,000 miles per year**

=

149 metric tons of CO₂ decrease annually

Equivalent to the annual electricity use of **24 homes**



Responsible Sourcing Strategy

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

With an annual spend of more than \$16 billion, we source a wide range of inputs from more than 100,000 suppliers around the world. This includes wood fiber, recovered fiber, chemicals, fuel, electricity, manufactured parts and services, corporate services and as logistics services such as transportation. Approximately half of our suppliers are based in North America and the rest are based in Asia, Europe, Latin America, North Africa and Russia. The majority of our suppliers fall into one of three categories: manufacturers, contractors or distributors.

THIRD PARTY CODE OF CONDUCT

We expect our business partners to share the values and principles outlined in our [Third Party Code of Conduct \(TPCOC\)](#),⁵ which is our standard for safe and respectful workplace conduct and ethical business practices.

A supplier's compliance with the TPCOC — or with its own code of conduct, if it contains similar ethical principles — is an essential factor in our decision to enter into or extend an existing business relationship. Each supplier is responsible for ensuring that its employees, representatives and subcontractors also understand and comply with the principles of the TPCOC. If a supplier or other third party fails to comply with the law or does not address contractual non-compliance in a timely manner, we reserve our contractual rights to terminate the relationship.

Our TPCOC is part of our standard supplier contracts and included in purchase order terms and is essential to maintaining our business relationships. Approximately 90% of our contracted spend is covered with written agreements containing a commitment to comply with the principles of the TPCOC. We continue to embed this requirement in new and renewed contracts.

Our detailed global sourcing process includes screening third parties for a wide variety of risks, including corruption risks. We seriously consider the results of those assessments and manage corruption risks appropriately.



2019 SUPPLY CHAIN PROGRESS

Evolved Supplier Code of Conduct to TPCOC to include all third parties across supply chain and expanded risk-monitoring processes

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

⁵ As of October 2019, International Paper enacted its Third Party Code of Conduct ("TPCOC"), which expanded on our Supplier Code of Conduct ("SCOC") to cover all third parties with whom we do business. Suppliers and other parties with contracts specifying compliance with the International Paper SCOC are expected to continue compliance with the SCOC unless those contracts are modified, expire or are otherwise terminated.

THIRD PARTY CODE OF CONDUCT SUMMARY

Safety

- Promote safe and healthy work sites
- Provide tools needed to reduce safety risks
- Maintain well-established safety rules
- Supply personal protective equipment

Make each day a safe day

Environmental

- Comply with environmental laws
- Reduce impact on the environment and climate
- Responsibly manage natural resources
- Reduce and eliminate waste

Use resources wisely

Social

- Foster respect and dignity
- Forbid discrimination or harassment
- Obey laws on compensation, work hours and benefits
- Prohibit forced labor, illegal child labor and human trafficking
- Offer grievance processes without retaliation

Value people

Legal/Ethical

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

Act with integrity

HUMAN RIGHTS

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

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

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

Our TPCOC outlines our expectations of suppliers and their employment practices, including the expectation 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.

Sourcing Sustainably

We use a number of tools and processes to focus on the most critical commodities and suppliers and to conduct appropriate due diligence and corrective actions accordingly. Our supply chain sustainability strategy, based on our [TPCOC](#), is supported by three complementary drivers:

PROMOTING TRANSPARENCY

We establish and improve processes that drive openness and accountability.

ENHANCING RISK

We reinforce legal, ethical and business expectations and monitor compliance.

STRENGTHENING PARTNERSHIPS

We focus on collaboration, innovation and deliberate improvement in supplier relationships.

Risk Management Approach

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

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

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

The tiered process described on the following page helps our company identify, evaluate and mitigate risk across economic, social and environmental realms.

Establish Expectations

- Third Party Code of Conduct in contract and purchase orders globally
- Training on TPCOC expectations
- Supplier Sustainability Handbook
- Supplier webpage

Assess & Mitigate Risk

- Supplier pre-screen questionnaire
- Risk assessment & approvals process
- Supply security assessment matrix
- Contract excellence
- Risk management plans

Monitor Performance

- Supplier site visits
- Supplier watch list
- Supplier sustainability surveys
- Third-party supplier audits
- Corrective action plans

ESTABLISHING EXPECTATIONS

Risk management begins with our [TPCOC](#). Approximately 90% of our contracted spend is covered with written agreements containing a commitment to comply with our TPCOC or with their own code of conduct if it has substantially similar principles.

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

ASSESSING, MONITORING AND MITIGATING RISK

As part of our strategic sourcing process, our sourcing teams conduct a pre-contract risk assessment. The assessment provides transparency and highlights areas of potential social, environmental and financial risk.

After contracting with a supplier, we continue to assess and monitor them for risk via a third-party survey platform. Dependent on the survey results, we may initiate a third-party on-site audit to take a closer look at the supplier. Our buyers use the feedback from these surveys and audits to help suppliers create action plans for continuous improvement.

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

Fiber Supply

In addition to the process described above, our Global Fiber Supply team and Recycling business manages the purchasing of our most critical inputs: wood and recovered fiber. We are among the world's largest users of new and recovered fiber, and we seek suppliers who share our commitment to quality and responsibility. We adhere to two policies that ensure solid risk management for our most important resources:

- Our [Responsible Fiber Procurement Policy](#) is our commitment to ensuring responsible stewardship of natural resources.
- Our [Global Certification Policy](#) defines our global criteria and the principles we follow for the certification of our lands, the wood and wood fiber purchasing systems for our facilities, forest management, fiber procurement and chain of custody standards.

For more information on our current fiber certifications and sustainability policies, please see our [policies and certifications](#).

Transportation

International Paper contracts with freight carriers for both inbound and outbound shipments. We utilize various modes of transportation including truck, rail, ocean liner and intermodal shipping. As a large shipper of paper and pulp, our global scale and consistent volume requirements make us a valuable long-term customer as we constantly work to be the "shipper of choice" for our transportation providers.

Our Strategic Carrier Council fosters strong alignment between International Paper and our strategic transportation carrier partners in the areas of industry trends, legislation, risk management, safety and sustainability. The council has been in place for four years, and it helps create shared value, increase transparency and position International Paper as a shipper of choice. We seek suppliers that share our goal of reducing our overall carbon footprint even as we grow our business. We work with carriers to improve fuel efficiency, maximize average weight per shipment, and optimize shipping routes to reduce mileage.

International Paper is proud to be a registered [SmartWay](#)[®] shipper. 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 SmartWay carriers which account for more than 97% of our total ton-miles⁴ in North America. Over the past five years, we have achieved a 45% reduction in CO₂ emissions/ton-mile among SmartWay Carriers.

Supplier Social and Environmental Impact

In supplier reviews, council meetings and other collaborative programs, we continue to drive the discussion with suppliers on environmental sustainability, efficiency and social impact. We recognize team and individual efforts to align sourcing practices with global citizenship goals.

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

⁴ Transportation metric representing one ton of product transported one mile

U.S. SUPPLIER DIVERSITY PROGRAM

Our Supplier Diversity program seeks to expand and advance our current pool of more than 600 diverse suppliers through education and mentoring. A primary focus is supporting capacity building for diverse businesses. We aim to create prosperity through empowerment.

We support and collaborate with leading organizations that advocate on behalf of businesses owned by minorities, women and veterans. These partnerships are part of our efforts to stay connected to the best and brightest of diverse suppliers. They include the National Minority Supplier Development Council (NMSDC), Women's Business Enterprise National Council (WBENC), US Pan Asian American Chamber of Commerce (USPAACC), US Hispanic Chamber of Commerce (USHCC), National Veteran Business Development Council (NVBDC) and several other organizations across the country.

In 2019, our direct spending with diverse-owned businesses increased by 10% over 2018. The number of non-diverse suppliers reporting Tier 2 spend grew by 22%. We are pleased to see the impact non-diverse supplier partners have had on our Tier 2 program and will continue to have more strategic discussions with others in the coming year.

The International Paper supplier diversity team participated in 12 diversity outreach events in 2019, enabling us to proactively and aggressively search for exceptional and competitive certified diverse businesses in a myriad of product and service categories. Our supplier diversity team conducted quarterly mentoring discussions with executive leaders of several key diversity suppliers in our supply chain.

In 2019, we received a number of industry recognitions and awards for our supplier diversity program and leadership, including:



Supplier Diversity All-Star
Minority Business News USA



Top 30 Champions of Diversity
Diversity Plus Magazine

SUPPLIER DIVERSITY



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 us to share their values

[Learn more here](#)



See how a [sustainable supply chain](#) allows us to meet customer needs



Manufacturing Responsibly

We recognize the impact of our manufacturing on the environment. We tackle the toughest issues in our value chain, improve our environmental footprint and promote the long-term sustainability of natural capital. We do this by reducing our energy usage, greenhouse gas emissions, air emissions and waste generated, as well as by being responsible stewards of the water we use and return to the environment.



2019 Highlights

IMPROVING OUR FOOTPRINT



22% reduction in greenhouse gas emissions since 2010

49% reduction in other air emissions since 2010

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

Invested more than \$700 million in energy efficiency improvements since 2010

Eastover Mill Recognized for Environmental Leadership

The South Carolina Environmental Excellence Program is a voluntary environmental leadership initiative. It recognizes facilities that have demonstrated superior environmental performance through pollution prevention, energy and resource conservation and the use of an environmental management system. Our Eastover, S.C. Mill's recertification by the South Carolina Department of Health and Environmental Control reflects the mill's commitment to environmental stewardship.

Investing in GHG Reduction

The Ticonderoga Mill was awarded \$2.8 million by New York State Energy Research and Development Authority (NYSERDA) to complete three energy efficiency projects, which will result in a reduction of nearly 225,000 tons of carbon emissions.

\$70 million

invested in 2019 for capital projects to control releases into the air and water, and to assure environmentally sound management and disposal of waste





Brazil's Next Generation Intern & Trainee program attracted more than **6,000 applicants for nearly 45 positions**. The highly selective program provides critical manufacturing experience for college students and recent graduates across Brazil.

Supporting the Next Generation

Our REACH (Recruit, Engage, Align College Hires) program recruits and develops early-career engineers and safety professionals for our U.S. mill system, preparing them to become future leaders. We hired **134 REACH engineers in 2019**.



"With the REACH program, I'm not limited by my job description. I'm able to get involved in a variety of projects that play to my strengths and interests."

– Alex Hight, process engineer, International Paper

In 2019, we invested

\$1.3 billion

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

Water Stewardship in our Facilities



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

100% of the water used by our Madrid, Spain mill is recycled from the local municipal wastewater system, saving several hundred million gallons of water per year.

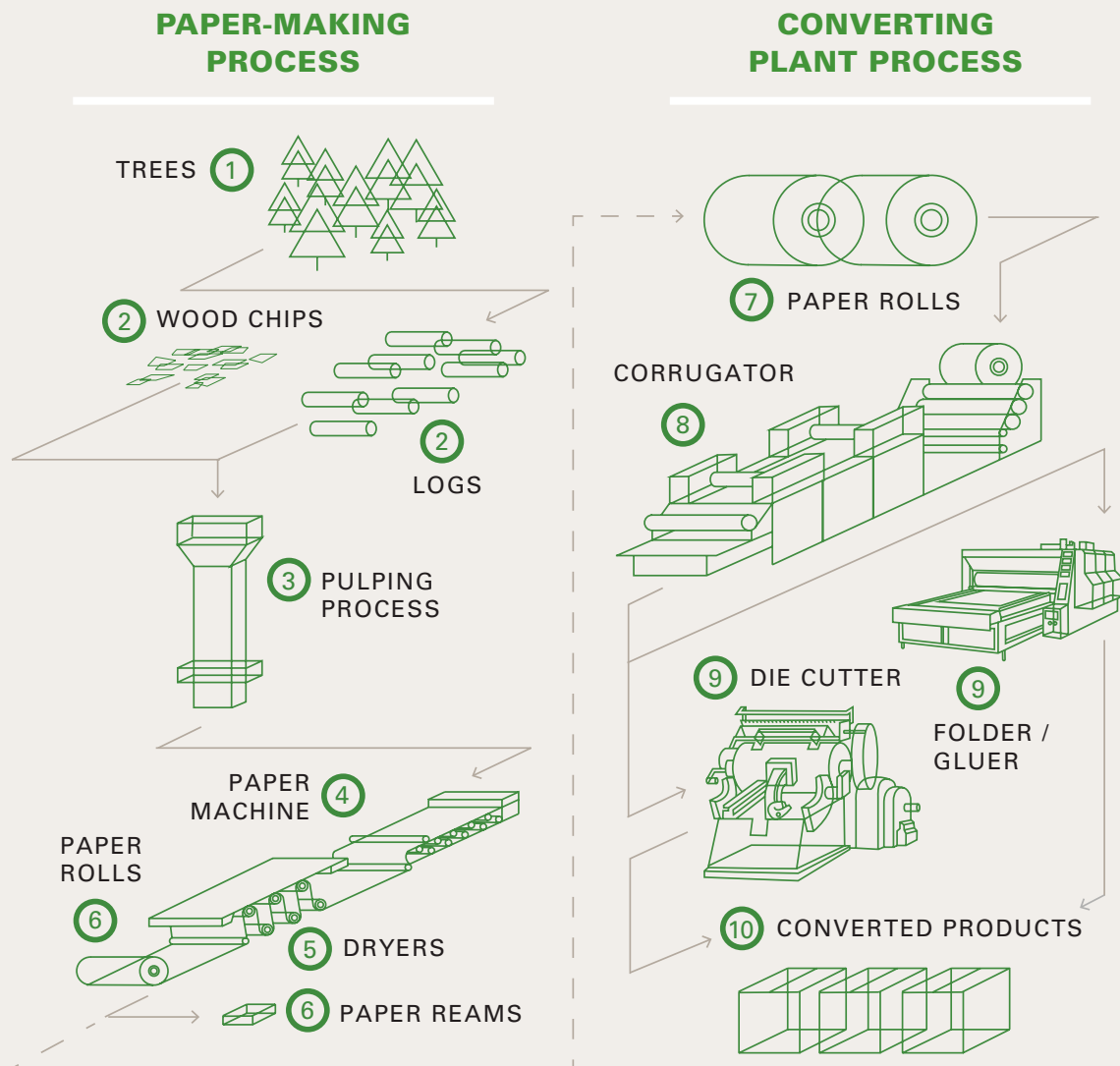
ADVANCING WATER STEWARDSHIP

We joined the World Resources Institute (WRI) Aqueduct Alliance, a coalition of organizations at the forefront of thought leadership in water stewardship. WRI's Aqueduct tools inform our facilities' Water Risk Assessments and are guiding the development of our context-based approach to water stewardship.

Sustainable Manufacturing Strategy

Environmental stewardship and responsible manufacturing practices are fundamental to how we operate. Our sustainable manufacturing strategy enables us to minimize environmental, health and safety impacts during the design, manufacture, distribution, use and end-of-life of our products. This includes a commitment to responsibly manage forestland, facilities and related businesses in the communities where we operate. As we look to the future, we recognize our responsibility to enhance processes and improve our environmental and social impacts.

To monitor and track our progress across these key areas, International Paper annually collects, reviews and validates company-wide environmental performance data. Environmental teams at our facilities, global financial services and other subject matter experts enter this data and other key indicators into our global data collection system, METRIX. Corporate Environment, Health and Safety staff and subject-matter experts validate the data to ensure accuracy. The METRIX system uses a multi-year process and continues to improve our process for data collection. Data parameters and calculation methods use a combination of international, government, industry and company standards and protocols. International Paper made reasonable effort to ensure the information presented is accurate and complete. External assurance was not solicited for this report.



Energy Efficiency

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

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

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



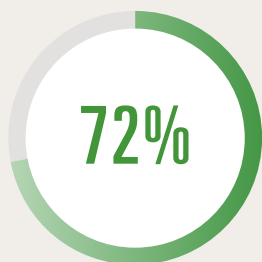
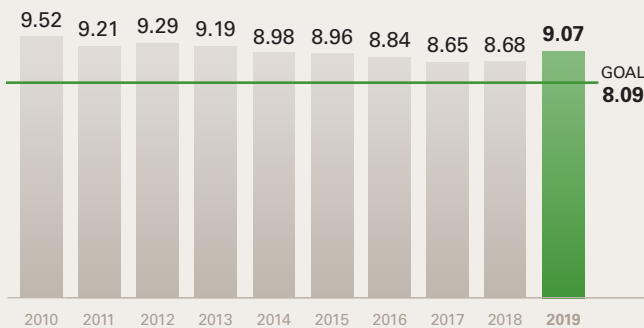
2019 ENERGY EFFICIENCY PROGRESS

5% improvement in purchased energy efficiency*

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

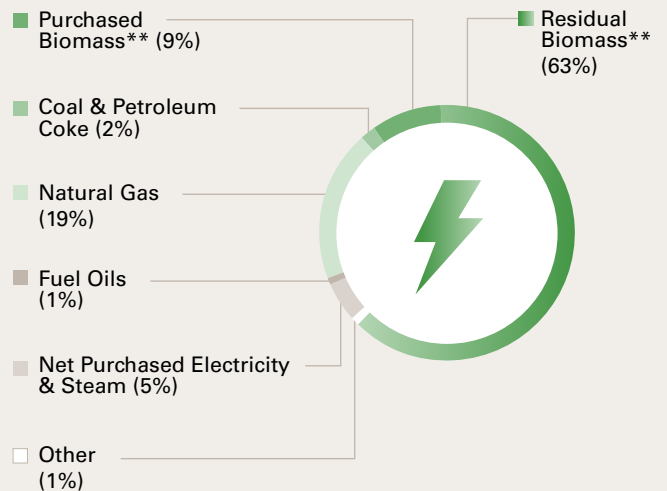
PURCHASED FUEL EFFICIENCY*

Million British Thermal Units per metric ton of production



72% of mill energy is derived from biomass residuals** rather than fossil fuels in 2019

BREAKDOWN OF ENERGY SOURCES IN 2019*



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

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

International Paper increases energy efficiency by optimizing processes, equipment and procedures. Some of these projects include:

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

Since 2010, we have invested \$700 million in energy efficiency improvements and fuel diversity. Through 2018, we realized an energy improvement of 19 trillion BTUs (British thermal units) per year. In 2019 our energy improvement decreased to 10 trillion BTUs per year, as a result of 5.3% less production by weight.

Market factors were the most significant driver in these results, accounting directly or indirectly for the majority of the efficiency loss. Additionally, a significant decrease in recovered fiber pricing drove an increase in less energy efficient non-integrated production. Despite these setbacks, we continue to focus on progressing toward our goal – seven mills set new all-time bests for monthly energy efficiency and we continue to implement investments that will make us more efficient going forward.

CALCULATION METHODOLOGY

We use the U.S. Department of Energy (DOE) “source-basis” calculations that use efficiency numbers used by the DOE for purchased electricity, steam and fuels. This goal only includes pulp and paper mills in the calculations. Depending on both mill acquisition date and availability of data, year over year mill inclusions may differ.

GAS TURBINE REPLACEMENT CREATES ENERGY AND CARBON SAVINGS

Our Mansfield, La., mill’s combined heat and power plant (CHP) includes a gas turbine generator. When the original engine reached its end of life in 2019, the mill took the opportunity to increase generation by upgrading from a 26 megawatt unit to a 50 megawatt LM6000 aero-derivative design, enabling the mill to be self-sufficient on electricity nearly all of the time. Because the power generation is coupled with steam generation (CHP), the efficiency of generation is significantly better than fossil-based utility-supplied electricity. The project increases the mill’s energy efficiency and decreases its carbon footprint.

Emissions Reduction Strategy

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

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

GHG Emissions Reductions

We recognize the importance of our role in responding and helping to mitigate potential climate change impacts. Our primary actions in response to climate change are to reduce greenhouse gas (GHG) emissions in our operations through improvements in energy efficiency and maximizing the use of renewable energy, such as carbon neutral biomass residuals, versus fossil fuels. Our goal of reducing GHG emissions by 20% by the end of 2020, from a 2010 baseline, includes both Scope 1 and Scope 2 emissions. Scope 1 emissions are direct emissions resulting from our own operations, including on-site fossil fuel usage and relatively modest emissions from on-site landfills and treatment of discharged water. Our Scope 2 emissions are indirect emissions resulting from the offsite utility generation of the steam and electricity we purchase.

Through continuous improvements in operations, equipment, energy efficiency and fuel diversity, we achieved significant company-wide reductions in Scope 1 and Scope 2 GHG emissions. We achieved a 22% reduction in 2019, exceeding our Vision 2020 goal, and will continue to evaluate and implement improvement projects as we pursue our Vision 2030 GHG goal.



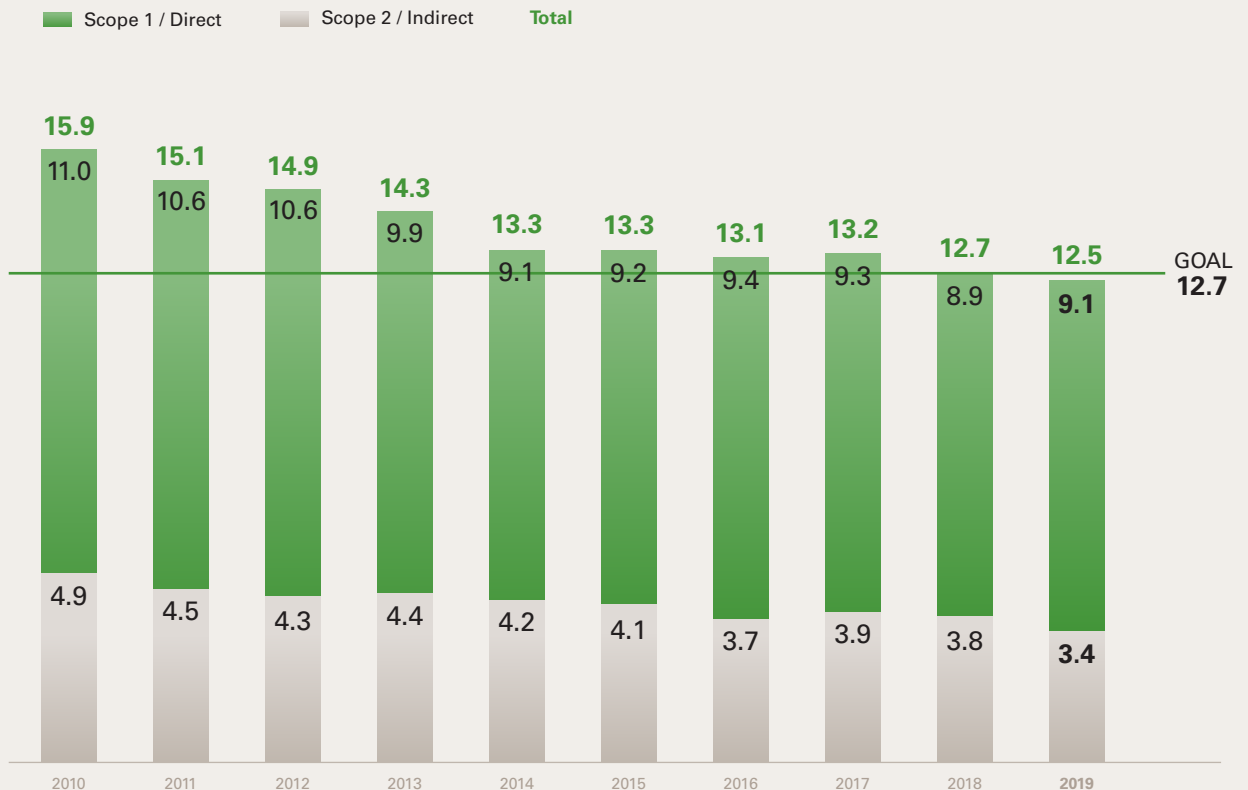
2019 GHG EMISSIONS PROGRESS

22% reduction in GHG emissions

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

GREENHOUSE GAS EMISSIONS

Million metric tons carbon dioxide equivalent (CO₂e)



Our GHG goal includes all facilities owned and operated by International Paper. We operate nearly 230 converting and recycling locations. Collectively, these operations emit approximately 1.27 million metric tons CO₂e globally. Over time, emissions from our converting facilities have trended slightly downward by approximately 13% since 2010.

Our reported emissions do not include biogenic GHG emissions, which were 33.3 million metric tons in 2019. Emissions outside of our direct operations and purchased energy are considered Scope 3 emissions and are not included in this report, but will be a part of our Vision 2030 goal. We continue to work with partners and increase efforts to reduce our emissions.

CALCULATION METHODOLOGY

Our GHG emissions calculations include all facilities that are fully owned and operated by International Paper. The energy used to convert the paper into a product at these facilities is considered part of our Scope 1 and Scope 2 emissions. Baseline emission data recalculations are made to incorporate acquired facilities and remove divested facilities, which accounts for changes in emissions data from year to year. Our GHG emissions are measured and reported in line with recommendations from the GHG Protocol.

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

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

TICONDEROGA MILL AWARDED FOR COMMITMENT TO REDUCE CARBON EMISSIONS

The Ticonderoga Mill was awarded \$2.8 million by [New York State Energy Research and Development Authority](#) (NYSERDA) to complete three energy efficiency projects. International Paper has committed to reducing nearly 225,000 tons of carbon emissions over the life of the project, which is equal to taking nearly 3,200 cars off the road per year.

Launched in May 2018 and administered by NYSERDA, the Commercial and Industrial Carbon Challenge is a competitive program that provides funding to large commercial and industrial energy users to develop various cost-effective clean energy projects that help us reach our common goal of reducing greenhouse gas emission. Some of the mill's projects include turbine generator and power boiler optimizations and paper machine steam recovery.

NO_x, SO₂ and Other Air Emissions Reductions

Our goal of reducing air emissions includes sulfur dioxide (SO₂), nitrous oxides (NO_x) and particulate matter (PM). Energy efficiency projects, fuel switching and increased regulatory requirements resulted in significant reductions of overall emissions from our operations. We exceeded our original Vision 2020 goal of a 10% reduction in air emissions, and in 2016 restated our goal to 30%.

As of 2019, we have reduced SO₂ by 66%, NO_x by 33% and PM by 37% for an overall reduction of 49% from our 2010 baseline.



2019 AIR EMISSIONS PROGRESS

49% reduction in air emissions*

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

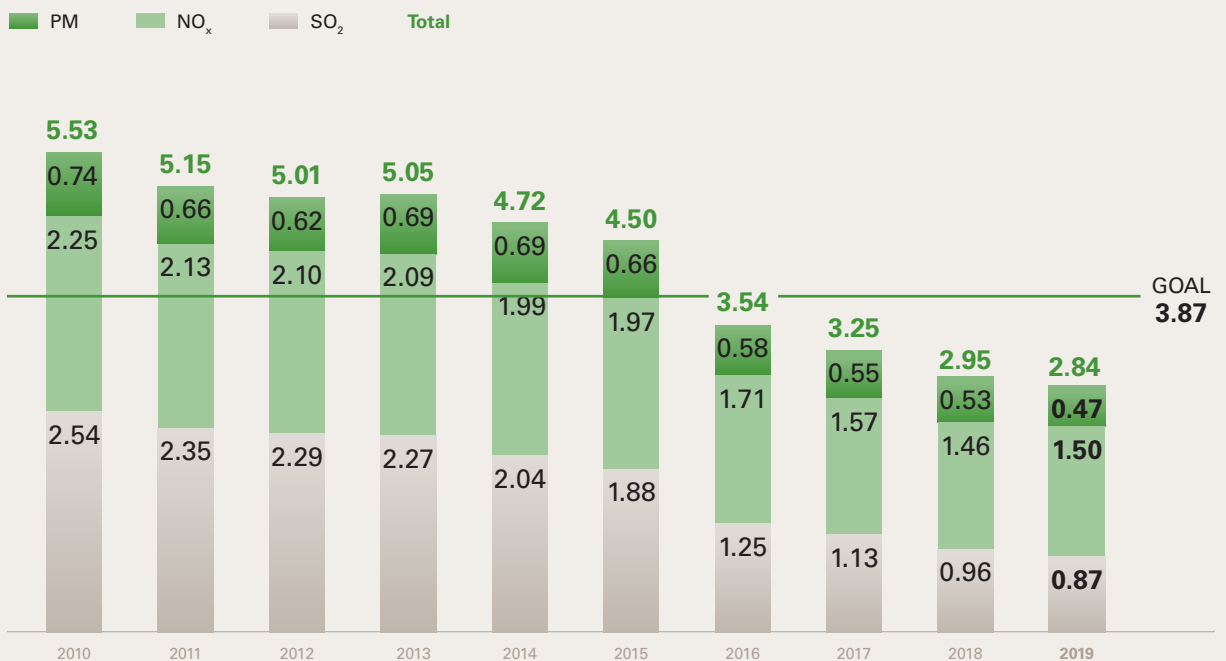
For the past five years, energy efficiency projects, regulatory requirements and fuel-switching — particularly away from coal and oil — resulted in significant reductions of other air emissions.

CALCULATION METHODOLOGY

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

TOTAL SO₂, NO_x AND PM EMISSIONS*

Kilograms per metric ton of production



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

Water Stewardship

Healthy watersheds and sustainable use of water resources are essential to communities, the environment and manufacturing our products. We are committed to improving the long-term sustainability of shared water resources where we live and work. We believe that stewardship means striving to leave everything in better shape for future generations, and we extend this approach to water, both within our operations and beyond. We are working to understand the characteristics of each basin where we operate in order to address the most important water issues for our company, local communities, other water users and the environment. We are developing a water stewardship strategy that reflects this context-based approach.

Water is a critical input to our manufacturing process; it is used in nearly every stage from pulping wood and recovered fiber, to papermaking, to power generation and more. The vast majority of our mills use surface water as their primary source, and discharge treated effluent to receiving streams. Our water use is largely non-consumptive; we return more than 90% of the water we use to the environment after treatment.



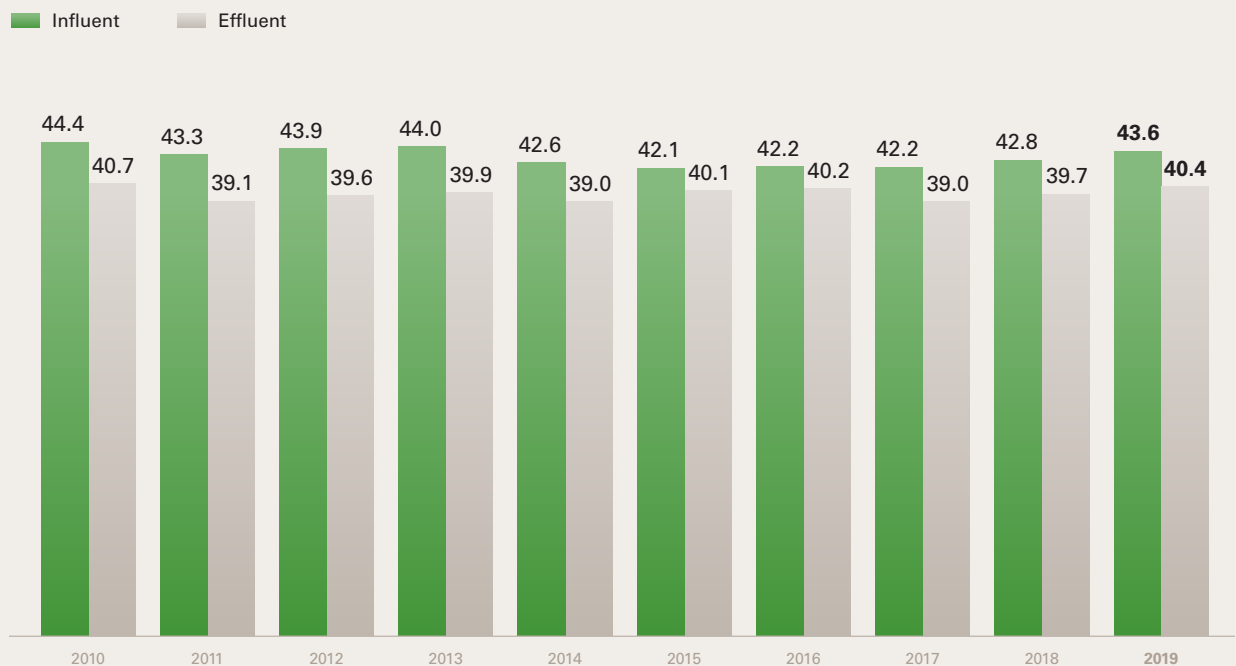
2019 WATER STEWARDSHIP PROGRESS

Updated water risk framework and continued annual facility assessments, with 70% of mills engaging local stakeholders on water-related topics

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

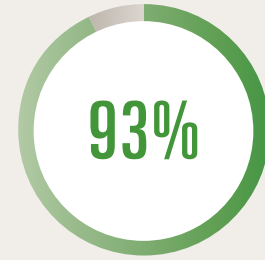
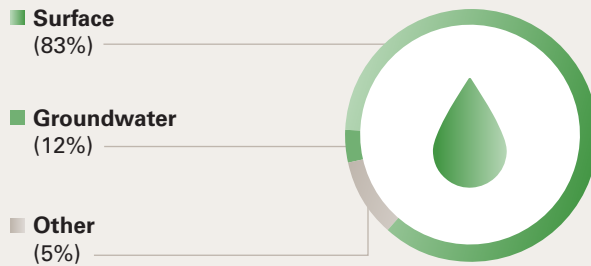
WATER USE*

Cubic meters per metric ton of production



* All data on water use include only pulp and paper mills.

WATER INFLUENT SOURCES*



93%
of water used in our mill
manufacturing was returned
to the environment in 2019

* All data on water use include only pulp and paper mills.

We conduct a robust internal facilities water risk assessment to guide our approach, drawing from both internal and third-party data sources. Beyond our manufacturing operations, we recognize that most of the available water in the world originates in forests, so by promoting responsible forestry practices – management, conservation, and restoration – we are also supporting water resources. In 2019 we joined the [World Resources Institute's Aqueduct Alliance](#), a working group of leading companies, governments and foundations supporting WRI's Aqueduct Water Risk Atlas tool and exchanging practices and research on water stewardship.

WATER STEWARDSHIP – LEADING BY EXAMPLE

Two of our U.S.-based mills stand out for their water use performance. Our Mansfield, La. containerboard mill and our Flint River, Ga. pulp mill consistently perform at a world-class level on water use efficiency compared to their peer mills. These mills employ a mix of water-efficient production technology, proactive management systems, and everyday water conservation practices that serve as an example as we work towards water stewardship at all our facilities.

WATER STEWARDSHIP STRATEGY

Our water stewardship strategy is guided by three overarching themes, as informed by the World Business Council for Sustainable Development's "CEO Guide to Water."

PRINCIPLES	OUR ACTIONS
<p>Understand exposure to water risk in direct operations and supply chains</p>	<ul style="list-style-type: none"> • Our facility water risk assessment is an annual exercise used to map water risk at our mill locations, and serves as a foundation of our strategy. We will use this assessment to prioritize sites for water-related operational improvements and watershed protection efforts. • In 2019, we updated and improved the model to include both quantitative and qualitative inputs from our facility teams and other company experts, as well as third-party data including WRI's "Baseline Water Stress" and data from U.S. EPA, USGS, U.S. Census Bureau and other publicly-available sources. • In 2019, three of our mills were located in basins considered to have a "high" level of baseline water stress per WRI Aqueduct, all drawing from surface sources and comprising about 7.5% of our mills' total water intake. • In 2019, one of our mills was located in a basin considered to have a "very high" level of baseline water stress; this mill uses 100% reclaimed effluent (original source is surface water) in partnership with the local municipal utility, and comprised less than one-half of 1% of our mills' total water intake.
<p>Integrate water into decision making, disclosure and smart investments</p>	<ul style="list-style-type: none"> • Our water stewardship steering team, comprised of leaders from across our businesses and functional groups, guides the development and implementation of our water stewardship strategy, including 2030 goals and targets. • We have developed a methodology based on the Natural Capital Protocol to understand the true cost and value of water in our operations. The findings are informing our water stewardship strategy. • In 2019, for the third consecutive year, we reported to CDP on our water strategy, risk management, financial impacts, and other water-related topics. Our Water Security score improved to a B in 2019.
<p>Collaborate to address shared risks and seize opportunities with water users and key stakeholders</p>	<ul style="list-style-type: none"> • Our manufacturing, environmental health and safety and sustainability teams work closely with local stakeholders to ensure responsible water use and regulatory compliance. • Deeper strategic collaboration with stakeholders in shared water basins will be an important element of our water stewardship strategy in the coming years.

Water Quality

We work to protect water quality in mill watersheds. All of our mills are subject to strict federal and state regulations on effluent quality. The respective regulatory agencies periodically review and revise our water discharge permits to maintain the local water quality standards and designated uses of the water basins in which we operate. In compliance with these standards, we work deliberately to improve the quality of the water we discharge to protect water resources in mill watersheds. Our mill teams focus on reducing losses to our water treatment systems, which decreases oxygen-depleting substances and further improves watershed quality. Our manufacturing teams share effluent improvement best practices in routine sessions throughout the year.

We hold all of our mills to the same high standards for achieving optimal discharged water treatment performance and sustainable compliance with their discharge permits. Every mill must measure and record the amount of effluent generated, identify constraints impacting its quality and treat and discharge all effluent leaving process areas. Many of our mills are required to conduct regular water quality monitoring of receiving streams to ensure their effluents are not having a negative impact on the water basin. Technical assessments of water treatment systems by company subject matter experts identify system and operational opportunities to improve and optimize system efficiency, which improves effluent quality. Periodic regulatory and systems audits ensure sites comply with permits, regulatory rules and company-specific standards described above.



2019 WATER QUALITY PROGRESS

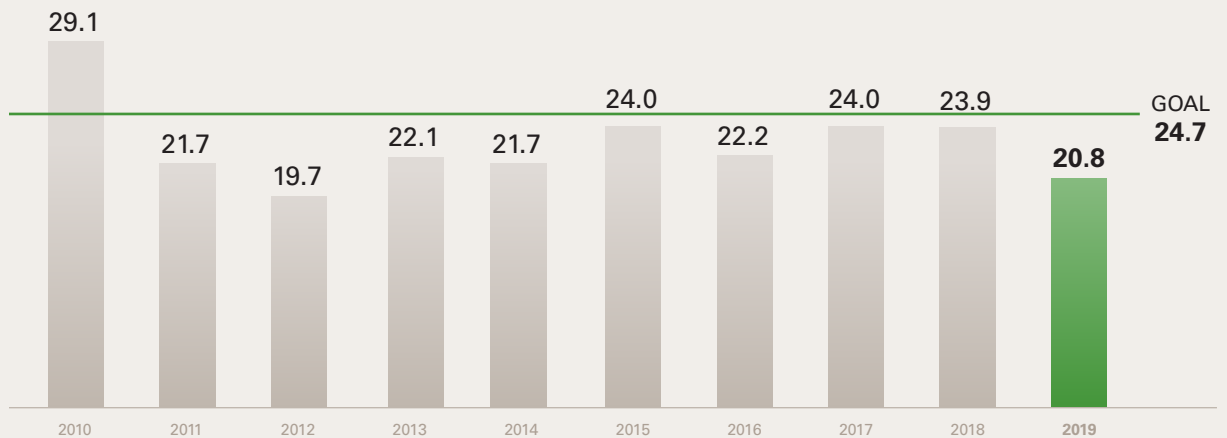
28% decrease in oxygen-depleting substances*

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

Our water quality goal is to decrease oxygen-depleting substances by 15% below our 2010 baseline by the end of 2020. We have exceeded this goal achieving 28% reduction in 2019. Because year-to-year variability and acute system and weather-related events can affect our water discharges significantly, we closely monitor this number to ensure sustained progress.

OXYGEN-DEPLETING SUBSTANCES TO RECEIVING STREAMS*

Biological oxygen demand in million kilograms



* Water quality goal calculations include only pulp and paper mills. The total biological oxygen demand (BOD) does not include BOD from sites that send their discharged water to publicly owned treatment works (about 2% of our total water discharge).

Solid Waste

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

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



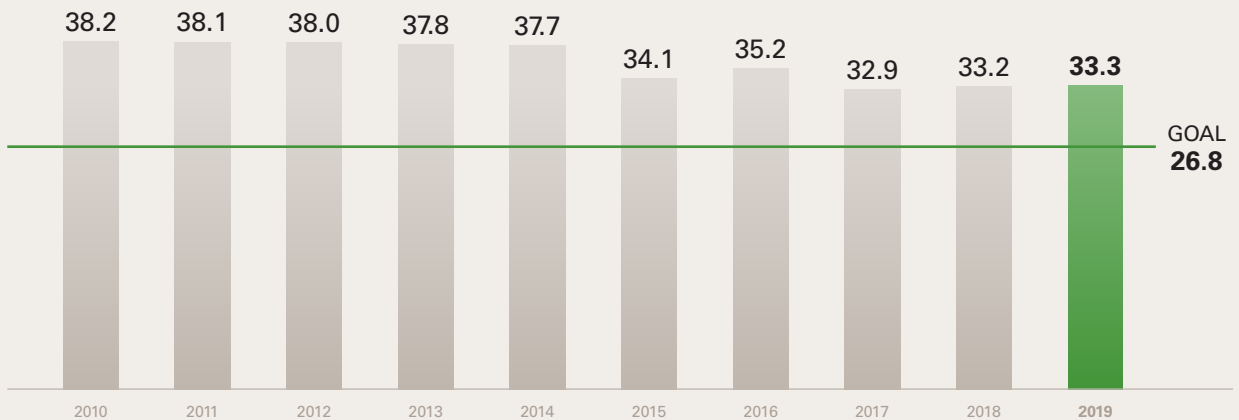
2019 SOLID WASTE PROGRESS

19% reduction in manufacturing waste to landfills*

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

WASTE TO LANDFILL INTENSITY*

Kilograms per metric ton of production



WASTE BY DISPOSAL IN 2019*



* Solid waste goal calculations include only pulp and paper mills

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

A 30% reduction by the end of 2020 is ambitious because of the complexities surrounding efficient, cost effective solutions for disposal. Periodically, our mills dredge water treatment facilities, which creates fluctuations in waste generation. We have achieved a 19% reduction by 2019.

Fiber Efficiency

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



2019 FIBER EFFICIENCY PROGRESS

0.63% fiber loss from reporting mills*

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

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

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

We achieved 0.63% fiber loss in 2019 with the mills reporting quality-ensured data based on a 12-month rolling average. To meet our goal, our mills focus on retaining usable fiber within our processes. We will continue to measure and track fiber efficiency performance while focusing on mill-specific deliberate improvements aimed at reducing fiber loss.



Take a look behind the scenes of our [responsible manufacturing](#) process



Innovative, Renewable Products

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



2019 Highlights

SUSTAINABLE DESIGN

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



Begin with sustainably grown new fiber and add recycled fiber



Develop sustainable solutions and alternatives



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



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



SUPPORTING COMMUNITIES WITH OUR RENEWABLE PRODUCTS

Our Espaly, France, plant donated 11,000 corrugated boxes to the Trisomie21 Association of the Haute-Loire region, to assist their fundraising efforts for people living with Down syndrome.

We support the Global FoodBanking Network to address childhood hunger in Brazil, Canada, Poland and Spain. In Spain, our EMEA Packaging team donated more than 40,000 corrugated boxes to the Spanish Federation of Foodbanks.

A COMMITMENT TO INNOVATION

We hold more than **2,000 patents**.

\$29 million invested in research and development in 2019

HELPING CUSTOMERS MEET THEIR PACKAGING GOALS

Sixty two North American box plants achieved FSC®, SFI® and PEFC chain of custody certification in 2019, assuring customers that they contribute to responsibly sourced fiber. All our EMEA box plants have FSC® chain of custody certification.

PRODUCT HIGHLIGHTS



Registered inside preprint allows customers to enhance their brand image through the unboxing experience. The placement of the printing puts brand identity on the inside of the box and leaves the outside unmarked, deterring theft.



Bliss™ Fluff Pulp addresses our customers' needs through odor control and pH modulation in feminine care products.



Accent® Opaque brings paper to life through our IP4D app, which incorporates augmented reality technology into print design to help our customers create more impact.



Beer'Pack elegantly displays and ships eight craft beer bottles. Developed in France for the growing e-commerce sector, this unique, lightweight package reduces shipping costs while providing the best cushioning and security during transport.



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



Design Turkey: Industrial Design Award

Our research and development team in Turkey was recognized for a new corrugated pallet design that is recyclable and much lighter than its traditional wooden or plastic counterparts. Transported and stored in unassembled flat sheets, more pallets can be loaded onto a truck, reducing both shipping costs and carbon emissions from transportation.



Designed for Sustainable Production: IV Gamma Tray

The IV Gamma Tray, an innovative food packaging solution, requires less raw material, energy and water to produce and requires less space when transporting, reducing transportation costs and carbon emissions. The tray received an award from the CONAI (International Packaging Consortium) Prevention and Packaging Sustainability contest, which recognizes the most innovative and eco-friendly packaging solutions in Italy.

Creating Renewable Solutions

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



"I need a lightweight, water-resistant package that will keep my food cold and can be recycled."



"I'd like my baby's diaper to be very soft, absorbent, safe and made from renewable materials."

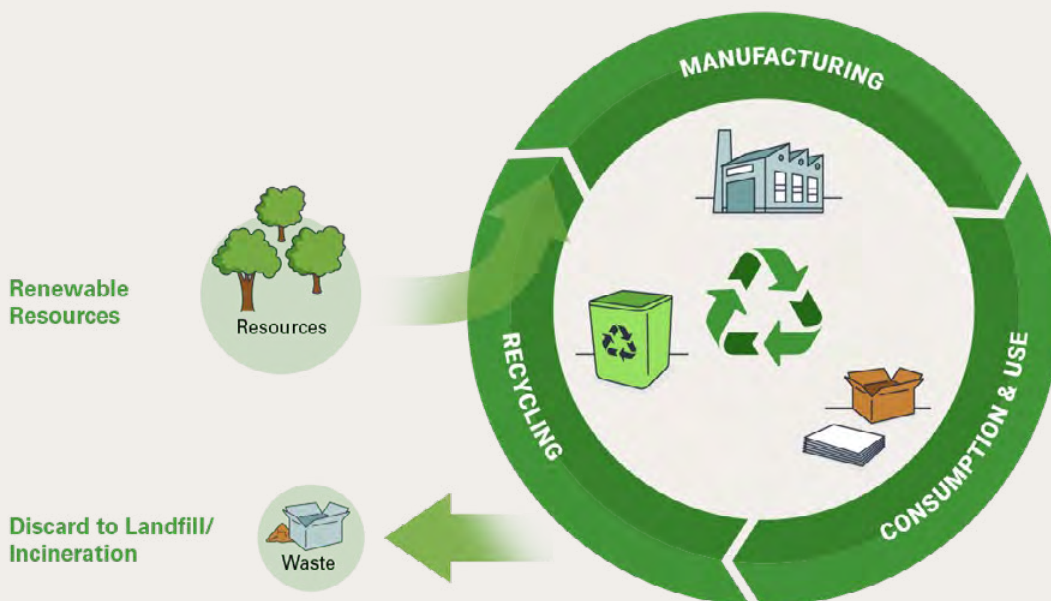


"I need a responsibly made box that protects my dog treats in transit and can also double as a retail display."

Designing for the Circular Economy

International Paper is among a growing group of companies embracing the concept of the circular economy. We seek to evolve the design of our products so that they can enjoy multiple lives through continuous cycles of recovery and reuse. We strive to eliminate waste and make the most of our renewable resources. By creating renewable solutions, we're accelerating the transition to a low-carbon economy. Learn more in [Recycling & Beyond](#).

THE CIRCULAR NATURE OF FIBER-BASED PRODUCTS



Research and Development

Rigorous research and development is the key to creating innovative, renewable products. We design products and services while considering recyclability, sustainability, weight, materials and more. We work with our customers to provide solutions that meet their specific needs, such as recyclable boxes with water-resistant coatings for shipping chicken, seafood and other raw food products.

Our innovative designs can reduce transportation costs and emissions by creating innovative, lightweight packaging solutions that protect goods and enable worldwide commerce. We also teach customers how to pack boxes optimally to maximize weight, reduce shipping costs and lower emissions.

\$29 million invested in research and development in 2019

We have several research and product development facilities around the world. Our Innovation Center in Federal Way, Wash., for example, has in-house testing laboratories and pilot facilities with a world-class team of scientists, researchers and engineers. Our experts design and test innovations to help our customers differentiate and improve their everyday products.

PRODUCT SPOTLIGHT: LEAK-RESISTANT BLISS BOX

The Leak-Resistant Bliss Box is a solution to poultry customers' concerns with leaking bags. Traditionally, customers combat leaks by using additional plastic bag liners, which drives up cost, labor and is not a sustainable solution. Our innovation results in a box that is 25% stronger and contains leaks, reducing the use of non-recyclable plastic liners, labor and packaging costs.

Beyond product development and process innovation, our research and development can extend from short-term technical assistance to equipment innovations. Our development efforts specifically address product safety and the minimization of waste, and because sustainability is central to our business strategy, International Paper is committed to transforming renewable resources into products people depend on every day.



As we work to achieve our [Vision 2030 goals](#), our research and development teams will play a significant role in contributing to our Renewable Solutions goal, which will advance circular solutions throughout the value chain and create innovative products that are 100% reusable, recyclable or compostable.

Product Stewardship

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

Our products must meet specific regulatory requirements within the countries of manufacture and eventual use and meet customer expectations regarding product safety and chemicals of concern. Complying with regulatory requirements is also critical in our choice of materials. Many of our products hold voluntary ecolabel certifications, which recognize products that meet high environmental standards throughout their life cycle. We continually monitor developments in these areas to ensure we comply with all applicable regulations. We had no incidents of non-compliance with product safety regulations or voluntary codes concerning product and service information and labeling in 2019.

Our Products

INDUSTRIAL PACKAGING

We create packaging products that protect and promote goods, enable worldwide commerce and keep consumers safe. Learn more about [Industrial Packaging](#).

Segments

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

GLOBAL CELLULOSE FIBERS

We produce pulp for diapers, tissue and other personal hygiene products that promote health and wellness. Learn more about [Global Cellulose Fibers](#).

Segments

- Absorbent hygiene products
- Papergrade
- Specialty

PAPERS

We create papers that facilitate education and communication. Learn more about [Papers](#).

End Use

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



Discover ten ways our [innovative products](#) are improving the world

Recycling and Beyond

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



2019 Highlights

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

- [American Forest & Paper Association](#)
- [Confederation of European Paper Industries](#)
- [Fibre Box Association](#)
- [The Circular Economy Accelerator](#)
- [The Recycling Partnership](#)

Circular Economy in Madrid

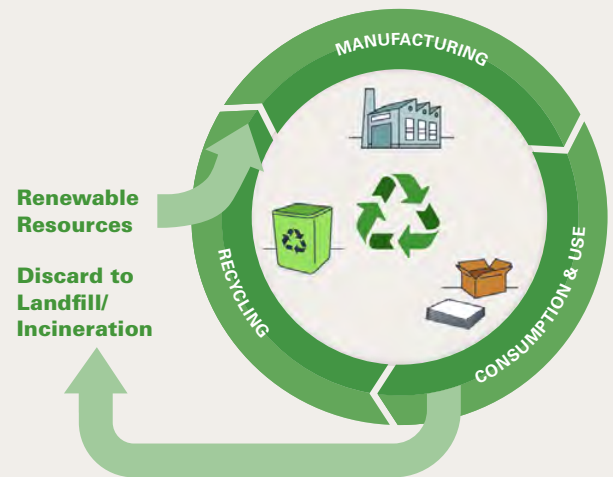
Our CARPA facility in Madrid, Spain is the city's largest paper recycler. Every month we collect 11,000 tons of used paper and boxes from local customers and recycle them to make containerboard for new corrugated boxes. These operations use 100% recycled water and cover 15% of their energy needs with self-generated biogas.



"We're making products that people can feel comfortable using because they know it's going on to have many lives."

– Josh Starrett, manager, commercial, Recycling and Recovered Fiber

Learn more at: [Our Renewable Future](#)



We are among the world's largest stewards of wood and recovered fiber

We recover, reprocess or facilitate the sale of **7 million tons** of recovered fiber each year

63% increase in recovery of old corrugated containers over 2010

Our Commitment to Circularity

At International Paper, we go beyond recycling. We are committed to advancing the circular economy, and we are taking action across our entire value chain. We begin by championing sustainable forestry and the use of renewable resources. We seek to design waste out of our manufacturing processes by sourcing recovered fiber and making beneficial use of residual materials. Finally, we advance the recovery and reuse of fiber after consumer use, extending the useful lives of natural resources and reducing materials to landfill. We're committed to innovating our products so that they are all reusable, recyclable or compostable and provide circular solutions that continue to promote a low carbon economy.

Wood Fiber

New fiber is needed to continue to make recycled products. Without new fiber inputs, paper producers would run out of useable recycled fiber in roughly 18 months.¹



MANUFACTURING

Recovered fiber and new fiber are used to make new paper-based products.

REPROCESSED

Cellulose fibers can be recycled up to 7 times. Beyond that, the fiber cannot be used to make new products and is considered "lost fiber."

Lost Fiber

POST-CONSUMER FIBER

Recycled fiber can be reprocessed into new products or can be beneficially used in other ways, such as for compost or in insulation.

SORTING

RECYCLING COLLECTION

92% of corrugated packaging and 66% of paper used in the United States was recovered for recycling in 2019.²

CONSUMPTION & USE

CONSUMERS & COMPANIES RECYCLE

Discard

- Landfill/Incinerator:
- Litter
 - Unsorted
 - Hygiene products
 - Contaminated

Fiber Cycle

¹ Two Sides

² American Forest & Paper Association, 2019

Natural Resource Stewardship

We are among the world's largest stewards of wood and recovered fiber. Making sustainable, fiber-based products requires both responsibly grown and managed new fiber as well as recycled fiber. Regardless, this process ultimately begins in the forest, and you can read more about our commitment to responsible forest stewardship in [The Future Forests](#).

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

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

Recycling

The recovery and recycling of fiber is part of our business model and plays a key role in our commitment to environmental stewardship. Globally, we recover, reprocess, reuse or facilitate the sale of more than seven million tons of recovered fiber each year. We are one of the two largest users of recovered fiber in the world, using five million tons of recovered fiber each year.

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

In 2019, we continued to exceed our Vision 2020 goal with a 63% increase in OCC recovery because of operational improvements in our fiber recovery process. With this additional recovered fiber, we are now creating more end products and have better aligned our sourcing with consumption.



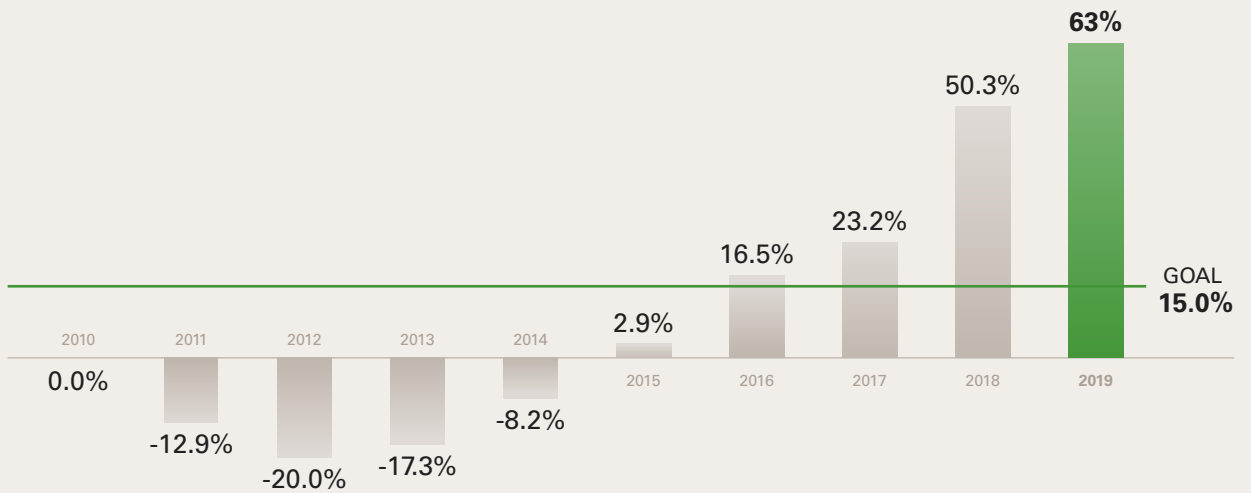
2019 RECYCLING PROGRESS

63% increase in recovery of old corrugated containers (OCC)

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

RECYCLING GOAL PROGRESS

% Increase in recovery of OCC



In addition to our recycling operations in the United States and Mexico, International Paper globally procures several million tons of pre- and post-consumer paper and paper products for use in our facilities, including five mills in North America that only use recovered fiber to make our products. In 2019, the average recycled content of our North American corrugated packaging products is 35.7%, including 29.4% post-consumer fiber and 6.3% pre-consumer fiber.

The use of recovered fiber is important for the health of the climate and plays an important role in the circular, low-carbon economy. Consider that 92% of OCC in the United States was recovered and reused to create new products.⁷ This statistic indicates not only the amount of fiber being reused to create new products, but the amount of OCC being kept out of landfills. When paper decomposes in landfills, it releases methane — a powerful greenhouse gas — but recycling helps cut down on these emissions.

REDUCING OUR IMPACT

At International Paper, we recognize that our products have a carbon footprint. We also recognize that there are measurable actions we can take to improve it. One way we can do this is through promoting circularity in our value chain. This starts with our suppliers practicing responsible forest stewardship, which contributes to the removal of CO₂ from the atmosphere. We also continuously work to reduce greenhouse gas emissions during manufacturing and increasing the recovery and recycling of our paper-based products.

⁷ American Forest & Paper Association, 2019

Circular Economy

Since the 1970s, recycling methods and culture have advanced to the point that, by 2019, as much as 66% of paper and 92% of corrugated packaging consumed in the U.S. is recycled.⁸ Yet traditional notions of recycling are still rooted in the “take-make-waste” model of short consumption cycles. Recycling is just one part of the larger circularity landscape.

Our process is circular by nature, from the sourcing and regrowth of our primary raw material to our use and beneficial reuse of byproducts in the manufacturing process and finally the recovery and reuse of our products. This circularity is core to our industry and to our existence.

At International Paper, we work to make the most of every tree and the byproducts of the manufacturing process to create value and eliminate waste. We use biomass residuals from the pulp-making process, for example, to supply nearly 75% of the energy used in our mills. This beneficial reuse of biomass residuals drives cost savings while helping us shrink our carbon footprint by reducing our reliance on fossil fuels.

Another way we keep products and materials in use is by selling our biomass residuals to other manufacturers to use.

The concept of the circular economy is based on three principles:⁹

- 1 Design out waste and pollution
- 2 Keep products and materials in use
- 3 Regenerate natural systems

EXAMPLES OF BENEFICIAL REUSE

Ash generated from the combustion of tree bark in our boilers has agronomical value. Because it contains micro-nutrients, farmers can use the ash to stabilize the pH of the soil

Dry ash also called “fly ash,” can be used in road construction and in the manufacture of materials such as concrete blocks and bricks

Other wood byproducts are used to make products we use every day, such as paints, fabrics, tires, lubricants, shampoo and even cosmetics

⁸ American Forest & Paper Association, 2019

⁹ Ellen MacArthur Foundation

COLLABORATING FOR THE CIRCULAR ECONOMY

As with our commitment to sustaining forests, scaling the transition to a low-carbon economy requires strategic collaboration. We are committed to collaborating with suppliers and seek out those who share our commitment to quality and responsibility. We also work with industry associations and non-governmental organizations to advance recycling rates and to educate consumers on the importance of purchasing products made from renewable materials.

We participate in several industry associations dedicated to increasing and sustaining corrugated box recovery rates, including the [American Forest and Paper Association \(AF&PA\)](#), the [Fibre Box Association \(FBA\)](#) and [The Recycling Partnership \(TRP\)](#), the [Circular Economy Accelerator](#) and [Confederation of European Paper Industries](#).

Further, we play an active role in the [Forest Solutions Group](#) of the World Business Council for Sustainable Development (WBCSD). Together, we are leading the transition to a low-carbon and circular economy through the development of the following publications:

- [CEO Guide to the Circular Bioeconomy](#)
- [Forest Sector SDG Roadmap](#)
- [Forest Products Sector Guide to the Natural Capital Protocol](#)

FOREST SECTOR SDG ROADMAP

International Paper and ten leading member companies from the Forest Solutions Group of the WBCSD issued the [Forest Sector SDG Roadmap](#) in July 2019. The forest sector is uniquely positioned to drive the transition to a low-carbon and circular future rooted in renewable, natural resources. The roadmap helps to maximize the sector's contributions to the Sustainable Development Goals (SDGs) and can unlock business opportunities that present themselves on the industry's journey to 2030 and beyond.

Through a comprehensive approach of improving the circularity of our products and processes while being good stewards of natural resources, we ensure a steady and reliable supply of pulp for boxes, copy paper, tissues, and other products that delight our customers. In other words: when forests thrive, so do we.



Learn how we're [rethinking waste](#) to create products with circular lifecycles



Responsible Business Practices

Responsibility underscores every action we take throughout our value chain. It starts with people — attracting and developing a talented, diverse workforce, ensuring everyone arrives home safely at the end of each day and helping our local communities thrive. But it doesn't end there. We deliver long-term value for all stakeholders through solid governance, a commitment to ethical business practices and proactive government relations.



2019 Highlights

PEOPLE HIGHLIGHTS



91% of our employees believe safety is a core value

OUR GOAL: INJURY-FREE WORKPLACE

When our employees see unsafe conditions and actions, we intervene to demonstrate we care and to ensure no one is injured.

In 2019, 93% of our sites operated without a serious injury.

We achieved a 75% reduction in non-employee injuries in the workplace.

INVESTING IN EMPLOYEE DEVELOPMENT

580 new hourly operations and maintenance employees at our mills experienced New Hire Integration training.

460 designated high potential leaders participated in experiential development programs.



CREATING DIVERSE, INCLUSIVE WORKPLACES

We've increased representation of women in our REACH (Recruit, Engage, Align College Hires) program to 32% — a 5% increase over 2018.

We increased our intern hiring from the University of Puerto Rico Mayaguez, which has a 99% Hispanic population — one way we are increasing diversity of our electrical and mechanical engineers.

In Brazil, we launched "Respect Generates Respect," a diversity and inclusion program and received more than 1,900 employee testimonials answering the question: "What does respect mean to you?"

Our Women at International Paper Mentoring Board and African American Mentoring Board help develop and promote diversity.

Recognitions



For the 14th consecutive year, the Ethisphere Institute recognized International Paper as one of the World's Most Ethical Companies. Of this year's 132 honorees, International Paper is one of only seven companies to receive the recognition for 14 years running.



For the third year in a row, International Paper earned the designation of CPA-Zicklin Trendsetter. We're one of 73 companies in the S&P 500 to receive the top ranking for political disclosure and accountability due to our voluntary reporting efforts.

Community Highlights

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 our communities.



\$24 million

invested in 2019 to address critical community needs

More than \$134 million

donated since 2010

\$2.6 million in employee generosity, supporting the International Paper Employee Relief Fund and the United Way. Company matching programs maximized employee giving for a total impact of more than \$4 million

5,900 feminine hygiene kits – containing products made from our pulp and packed in our custom boxes – distributed across eight communities to address truancy caused by period poverty

161,000 books donated through our partnership with Reading is Fundamental, reaching more than 65,000 first graders in communities where our employees live and work

Our People

At International Paper, we are committed to investing in people. That means attracting and developing an outstanding and diverse workforce and ensuring everyone arrives home safely at the end of each day.

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

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

In 2019, we hired 7,912 new employees. We continue to build an increasingly diverse and inclusive environment in order to attract, develop and retain the best talent from all backgrounds and experiences. We are committed to providing a workplace free of discrimination, harassment and retaliation.

EMPLOYEES AND OTHER WORKERS

As of December 31, 2019, International Paper employed more than 50,000 people working in manufacturing, converting, sales and various office locations. Nearly 33,000 employees are located in the United States. Our workforce represents more than 100 ethnicities and nationalities across 21 countries. In 2019, women made up approximately 18% of our global workforce.

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

Employees Covered by Collective Bargaining Agreements

Of our 33,000 U.S. employees, approximately 23,000 were hourly, with unions representing approximately 14,000 employees — approximately 11,000 of which were represented by the United Steelworkers Union (USW).

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



RECOGNITIONS



Fortune Magazine
World's Most Admired Companies® 2020 for 17 years



Ethisphere Institute
World's Most Ethical Companies® 2020 for 14 consecutive years



Women's Choice Award®
Best Companies to Work For — Millennial Women 2018-2020



FTSE4Good
FTSE4Good Index Series
An equity index series that is designed to facilitate investment in companies that meet globally recognized corporate responsibility standards

OCCUPATIONAL HEALTH AND SAFETY

Ensuring everyone — employees and non-employees — arrives home safely every day is our most important responsibility. In 2019, we made substantial progress in safety with 93% of our sites operating without a life-changing injury. We also worked with our contractors to achieve a 75% reduction in non-employee injuries. We remain committed to our ultimate goal of zero injuries.

We focus on achieving injury-free operations by:

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

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

THE LIFE PROGRAM HAS FIVE FOCUS AREAS:

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



2019 SAFETY PROGRESS

65% reduction in serious safety incidents since 2010*

Vision 2020 Goal: Injury-free workplace

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

As part of our LIFE initiative, all manufacturing and non-manufacturing sites report on engagement in seven safety leading indicators to help identify areas for improvement and where resources are needed to properly execute our programs. Safety leading indicators are a proactive approach to measuring progress in preventative safety efforts.

One leading indicator, LIFE Potential Analysis, involves team members reporting near-miss events that did not result in serious injury (a LIFE incident) because the hazard was recognized before a potential injury occurred. In 2019, our team members reported nearly 140 LIFE potentials on average each month. This enabled us to proactively identify trends and areas for continuous improvement.



Contractor Safety Summits

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

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

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

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

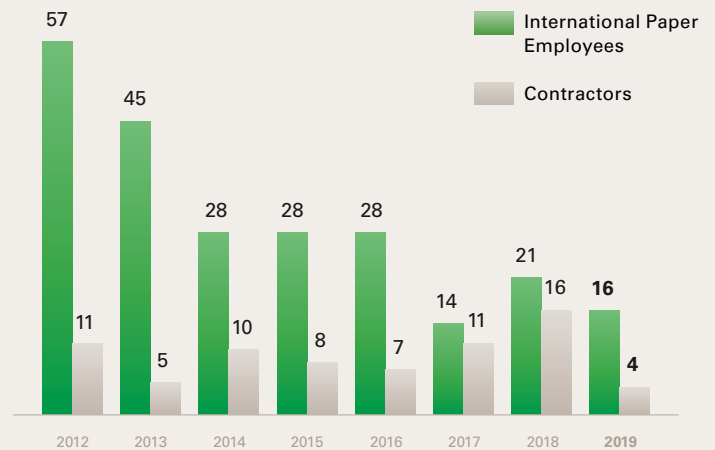
IN 2019

Number of fatalities for directly employed	0
Number of fatalities for contractors	0
Number of lost time accidents	188
Frequency Rate*	1.6
Severity Rate**	73.7

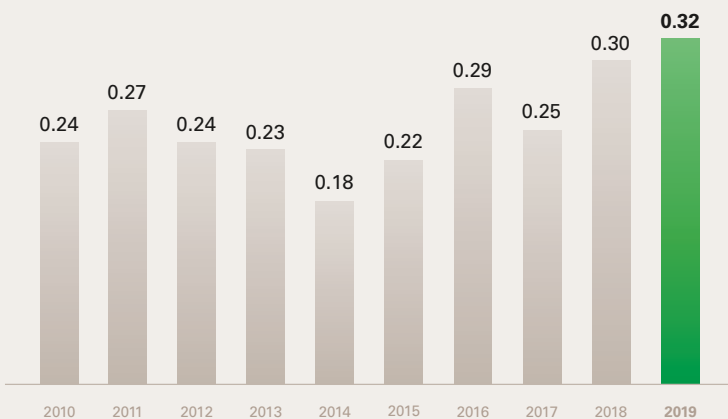
* Frequency Lost Time Accidents: lost time accidents x 1,000,000/hours worked
 ** Severity Rate: total number of days lost x 1,000,000/hours worked

LIFE INCIDENTS

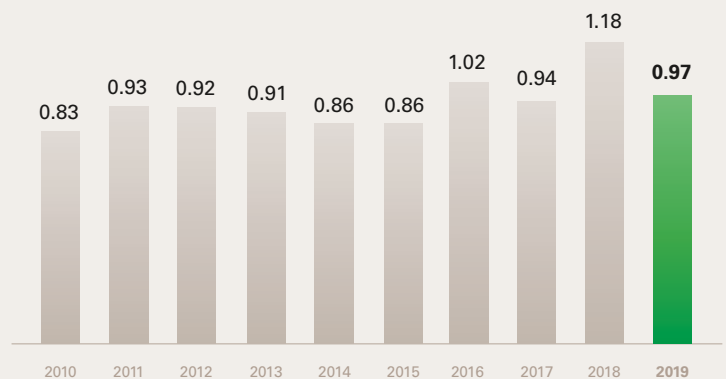
Employee + Contractor #s



LOST WORKDAY INCIDENT RATE



TOTAL INCIDENT RATE



DIVERSITY AND INCLUSION

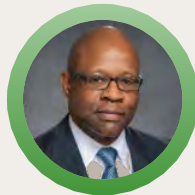
We strive to promote a culture of inclusion where individuals feel respected, are treated fairly and have an opportunity to do their best work every day. Diversity and inclusion is a key part of our sustainability strategy — we believe that a diverse workforce and inclusive culture will help us create long-term value.

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

We are a company with an extensive manufacturing footprint. Creating a diverse and inclusive culture is essential because it:

- Enables our colleagues to contribute their best
- Harnesses different thoughts, skills, talents and experiences to produce innovative solutions
- Helps make International Paper a better company for our employees, customers, communities and investors
- Promotes innovation, increased team dynamics and productivity

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



“An inclusive workplace where all employees are included, valued and treated with dignity and respect is not only fundamental to our future success, but it is aligned with The IP Way.”

— Fred Towler, chief diversity officer and vice president, Human Resources, Global Talent Management, International Paper

Our diversity and inclusion strategy includes:

- **Workforce** — our employee population, including our talent management process
- **Workplace** — the on-site and off-site environment that exists to provide an engaging and inclusive workplace for our employees
- **Marketplace** — all our stakeholders and how they view us as a responsible employer

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

Mentoring Boards

Mentoring boards at International Paper exist to promote awareness and development and encourage collaboration of employees across the global International Paper platform. Boards provide mentoring in a group setting via conference calls or smaller group discussions, and enable participants to learn from leaders across the organization. The quarterly meetings hosted nearly 1,800 employees throughout 2019.

Our Women in International Paper and the African-American mentoring boards encourage participants to share knowledge and support each other with personal and professional development.

In 2019, International Paper developed and introduced Employee Networking Circles (ENCs). ENCs are voluntary, company-sponsored employee groups that contribute to an engaged, inclusive and collaborative workplace. These groups build employee connections and engagement across the organization, promote understanding of common attributes and differences and support the three diversity and inclusion strategic pillars: workforce, workplace and marketplace. Our mentoring boards will transition into ENCs in 2020.

Inclusion Forums

We conduct Inclusion Forums twice a year to increase knowledge and awareness of diversity and inclusion and to enhance our ability to maintain an inclusive work environment. Forum topics include unconscious bias, generational diversity, workforce trends, managing diversity of personality and communication style, engagement through inclusion, as well as other topics. In 2019, 127 leaders participated in the forums, with more than 1,000 participants since the program's inception in 2013.

NURTURING DIVERSITY THROUGH OUR TALENT PIPELINE

Mississippi State University's Bagley College of Engineering Summer Bridge Program helps first-year minority engineering students adjust to university life. We continued our three-year commitment to the program, providing guest speakers, mill tours, coaching and mentoring on summer engineering projects.

EMPLOYEE ENGAGEMENT

We recognize that our success is dependent on how we perform as a team. A highly engaged culture leads to better safety and business success. For 20 years, International Paper has requested employee feedback on our workplace culture using an engagement survey.

In 2017, in a focused effort to enhance performance, maximize engagement and retain talent, we created a customized survey called *MyView*, which is administered every 18 months. In our 2019 *MyView* survey, 92% of our global employees responded.

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

Sharing what we think and feel about working at International Paper is just the first step. The second and equally important step is acting on the feedback we receive. Across the world, International Paper leaders review survey results with their teams and work together to develop engagement plans that focus on specific team feedback. The *MyView* results combined with the engagement planning process provide all employees the opportunity to make a positive impact on safety, operations, commercial excellence, sustainability and financial performance while building a strong sense of community.

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

COMPENSATION AND BENEFITS FOR FULL-TIME EMPLOYEES

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

We continually evaluate our compensation and benefits so that we offer best-in-class programs and remain the employer of choice in the areas we operate.

EMPLOYEE DEVELOPMENT

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

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

Training, Education and Leadership Development Programs

We conduct extensive training and development programs worldwide. Our commitment to employee development is visible in our e-learning library, our leadership development programs, new hire onboarding programs and our support of individual academic pursuits.

E-Learning System

Our Learning Management System is a foundational part of our training and development efforts, providing all employees access to on-demand courses online. Employees completed 2,207,199 courses in 2019, up from 1,833,206 in 2018. We added 534 eCourses that were fully customized for International Paper, up from 479 in 2018. A total of 140 e-learning developers were trained in 2019 and there are now over 650 Training Coordinators supporting our businesses and staff groups across the globe.

Global Manufacturing Training Initiative

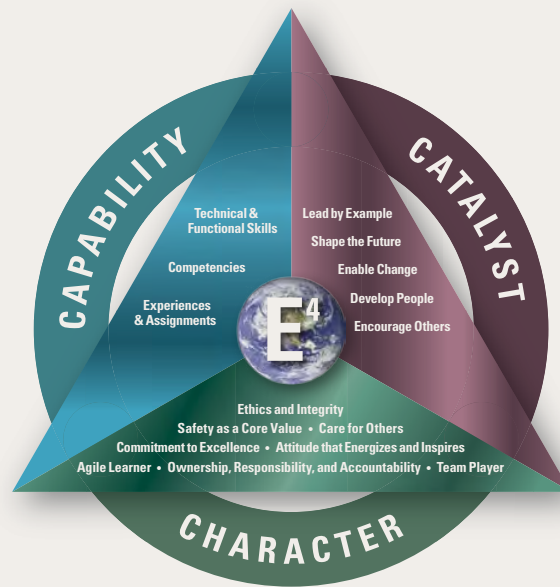
We will experience a high rate of attrition within the next decade because many of our employees will be reaching retirement age. In response to this, we created the Global Manufacturing Training Initiative (GMTI), an enterprise-wide effort that encompasses the standardized and structured manner in which hourly operations and maintenance employees are on-boarded, coached, trained and certified for positions in our mills. This comprehensive, strategic program develops technical and non-technical competence and results in a high-performing, skilled workforce that is prepared for the future of the organization.

Finance Training Initiative

As digital capabilities increase, the skills required and career paths for finance professionals are changing. Finance LEAD | Learn, Engage, and Develop is the roadmap to the development of finance professionals. Disruptive technologies increase the need for critical thinking, data analytics, leadership, and business partnering skills. Through a structured program, using a blended learning approach, Finance LEAD provides finance colleagues with tools needed to succeed in their current and future roles. By building knowledge in foundations of finance and creating a common vision for data analytics roles and skills, we will prepare finance for 2030.

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.



The International Paper Leadership Model

Leadership development is an ongoing process that requires commitment and active participation. The International Paper Leadership Model guides all employees by focusing on three essential leadership components — character, capability and catalyst.

Leadership Institute

Our Leadership Institute provides interactive learning and growth opportunities for potential future company leaders. The Institute offers programs and resources that align with our key business strategies, while promoting leadership development through skills development, assessment, feedback and coaching. This year, the Institute published the fourth edition of the Leadership Guide with enhancements in safety leadership and focus on the customer. Also in 2019, a Collaboration Handbook was introduced to the leadership development library. This publication offers insights and guidance on thinking and working together using a variety of tools and techniques.

In 2019, 460 leaders participated in 15 sessions of immersive, experiential leadership development programs arranged and facilitated by the Leadership Institute. Since launching the Leadership Institute in 2005, more than 4,500 employees have participated in programs designed to build management skills and leadership capacity.

International Paper Leadership I and International Paper Leadership II

Our leaders are responsible for supervising teams of employees across our manufacturing enterprise. The International Paper Leadership I and II blended learning programs are available in nine languages and equip new and experienced first and second level leaders with core and advanced leadership skills they need to build and retain an engaged team, develop skills and enable an inclusive culture. A total of 250 First Line Leaders completed International Paper Leadership I in 2019, and 40 First Line Leaders completed the International Paper Leadership II program, up from 35 in 2018.

Our Europe locations conducted leadership training for 1,189 managers in 2019. This number includes International Paper Leadership I sessions for 200 First Line Leaders and training in general topics for a broader audience that includes internal change process management, facilitation skills, and coaching. The One Learning a Day initiative launched in Europe in 2019 focuses on self-directed learning and development plans and provides access to learning resources and monthly communication.

Regular Performance and Career Development Reviews

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

The International Paper performance management system links the individual goals of our salaried workforce with organizational performance. This process involves annual performance reviews, 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. In addition, our 360° review process allows employees to receive feedback on specific skills from internal and external colleagues, followed by meetings with trained facilitators who help devise development plans based on the results. Employees and managers work together to create employee development plans enabling managers to discuss performance strengths and development opportunities with each of their employees.

Our Communities

We continue to be a force for good in our communities. 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 we live and work.

COMMUNITY ENGAGEMENT AND GIVING STRATEGY

Every community has a unique set of critical needs. Understanding these needs is key to creating value for generations to come. That is why a robust community engagement strategy is central to the success of our sustainability strategy.

Our community engagement and giving strategy enables us to provide volunteers, product donations and financial contributions to organizations that address critical needs in the communities where our employees live and work.

Our global community engagement strategy focuses on four signature causes:

- **Education** — 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 3rd grade, is our primary focus because reading skills form the foundation for all childhood learning.
- **Hunger** — We work with food banks and other agencies to address hunger and food security for children, families and seniors. These organizations provide meals, access to healthy foods and other programs in the communities where our employees live and work.
- **Health and Wellness** — We engage our employees and work with agencies to promote healthy living habits and achieve measurable improvements in health and wellness.
- **Disaster Relief** — We partner with agencies to help communities prepare for and recover from natural disasters, and we use our Employee Relief Fund to support our affected colleagues.

Because every community is different, we provide support for other critical needs in our local communities. International Paper personnel at our facilities are tasked with ensuring that monetary donations and volunteers are allocated based on the most critical needs.

We are committed to leading the world in responsible forest stewardship and to promoting the long-term sustainability of natural capital. Our community engagement and giving strategy bolsters this commitment by also supporting organizations that are making a difference in forest, water, air and responsible sourcing issues.

We execute our community engagement and giving strategy through a combination of locally-driven support and national and global collaborations.

In 2019, International Paper contributed more than \$24 million worldwide to support charitable organizations aligned with our signature causes, and our employees donated an additional \$2.6 million. Our various company matching programs maximized employee giving for a total impact of more than \$4 million.

Local Community Engagement and Giving

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

In 2018, we launched the MyImPact platform in the U.S. and Canada to coordinate volunteer events and programs, conduct giving campaigns, and measure and report the collective impact in our communities. In its first year, the platform recorded more than 14,000 volunteer hours in the U.S. and Canada, and we expect to exceed that number in 2020. We are working to expand the MyImPact platform for workgroups in other countries and to incorporate multiple languages.

ENGAGING MANUFACTURING EMPLOYEES

International Paper collaborated with the National Environmental Education Foundation (NEEF) to tackle one of the manufacturing industry's toughest employee engagement challenges – rallying manufacturing employees around the company's community sustainability commitments. Using the Design Thinking process for creative problem solving, NEEF helped International Paper to design and pilot employee engagement strategies with the goal of building a model for sustainability and community engagement in our U.S. manufacturing operations. [Read NEEF's report.](#)

In-kind contributions, donations and grants are generally only considered in the communities where International Paper has a significant employee presence and within a locally determined radius of facility operations. The International Paper Foundation has a long history of allocating funding to each of our U.S. facilities to bolster local community engagement efforts. Regional giving structures are in place to ensure that our large employee populations in other parts of the world also have adequate funding and governance to support local community needs. See [Giving Structures and Governance](#) in the Appendix to learn more.

CONNECTING EMPLOYEES IN URBAN CENTERS

International Paper has a number of small North American Container facilities clustered around large metropolitan areas. In an effort to align giving for the greatest impact and to engage employees in their local communities, we developed an "urban cluster" model in these large cities. Each urban cluster works together to mobilize our employee volunteers, products, and their giving budget to identify community engagement opportunities in Atlanta, Chicago, Dallas, Indianapolis, Los Angeles, Minneapolis-St. Paul and Portland.

National and Global Collaborations

While we continue to help our communities through partnerships with local organizations, we have expanded our strategic support of national and global organizations. These collaborations broaden our reach in our four signature causes.

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

STRATEGIC COLLABORATIONS



Read more about each of these collaborations and all of our [External Initiatives](#).

MOBILIZING OUR PEOPLE, PRODUCTS AND RESOURCES

At International Paper, we mobilize our people, products and resources to address critical needs in our community.

Mobilizing our PEOPLE:



Employees at our Jackson, Miss., box plant recognized an educational need in their community and rallied together to provide school supplies for their local elementary school. [Watch this video](#) to see our people in action.



For the 10th year, Kwidzyn, Poland employee volunteers hosted the Papermaker's Run, which attracts thousands of runners from around the world and sends marathoners through the town and through our paper mill, the main attraction!

Mobilizing our PRODUCTS:

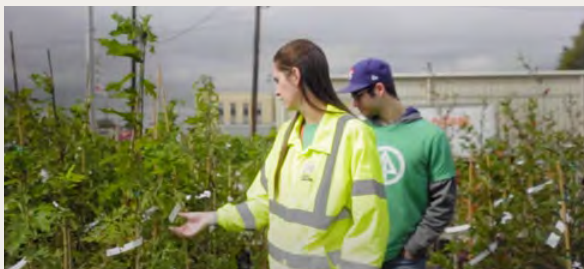


Lack of access to feminine hygiene resources can inhibit young women from attending school. In Memphis, we mobilized our pulp products and boxes to help improve girls' access to feminine hygiene products in local schools. [Watch this video](#) to see the impact.

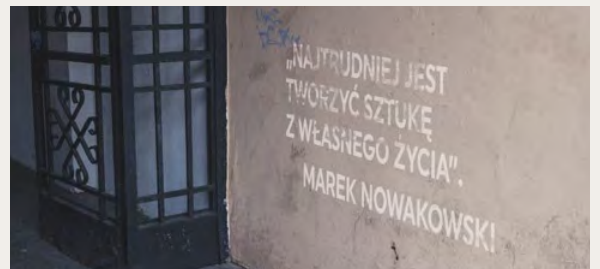


In its 43rd year, Brazil's Concurso de Redação (writing contest) engaged 10,177 college-bound students from 60 schools across 16 cities in Brazil.

Mobilizing our RESOURCES:



By supporting the Arbor Day Foundation's Community Tree Recovery Program, we're planting thousands of trees to strengthen communities affected by natural disasters. [Watch this video](#) to see the impact these trees are having in Orange, Texas.



We are the exclusive sponsor of the Marek Nowakowski Literary Award in coordination with the National Library of Poland. In 2019, we promoted the works of Nowakowski throughout Warsaw's inner city streets and organized literary walking tours.

Employee Relief Fund

When a crisis occurs, our employees rise to the occasion to help their fellow workers and communities. In 2001, we created the International Paper Employee Relief Fund (ERF) to support International Paper employees who are impacted by a natural disaster or personal emergency by providing cash for basic needs such as food, medicine, clothing and shelter. In the past five years, the ERF and International Paper have provided more than \$3.3 million to 2,400 employees recovering from disasters such as home fires and flooding.



2019 COMMUNITY ENGAGEMENT PROGRESS

More than \$134 million donated to charitable organizations since 2010, including more than \$24 million in 2019

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

Community Advisory Councils

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

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

MONITORING AND ASSESSING IMPACT

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

We require recipient 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.)

Governance

We believe in sound corporate governance. Our board of directors, chief executive officer and senior lead teams, comprising selected officers and the appointed officers of the company, promote our global citizenship strategy. We incorporate environmental, social and governance (ESG) considerations into our everyday processes to ensure that we adequately address risks, operate sustainably and responsibly, and create long-term value.

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

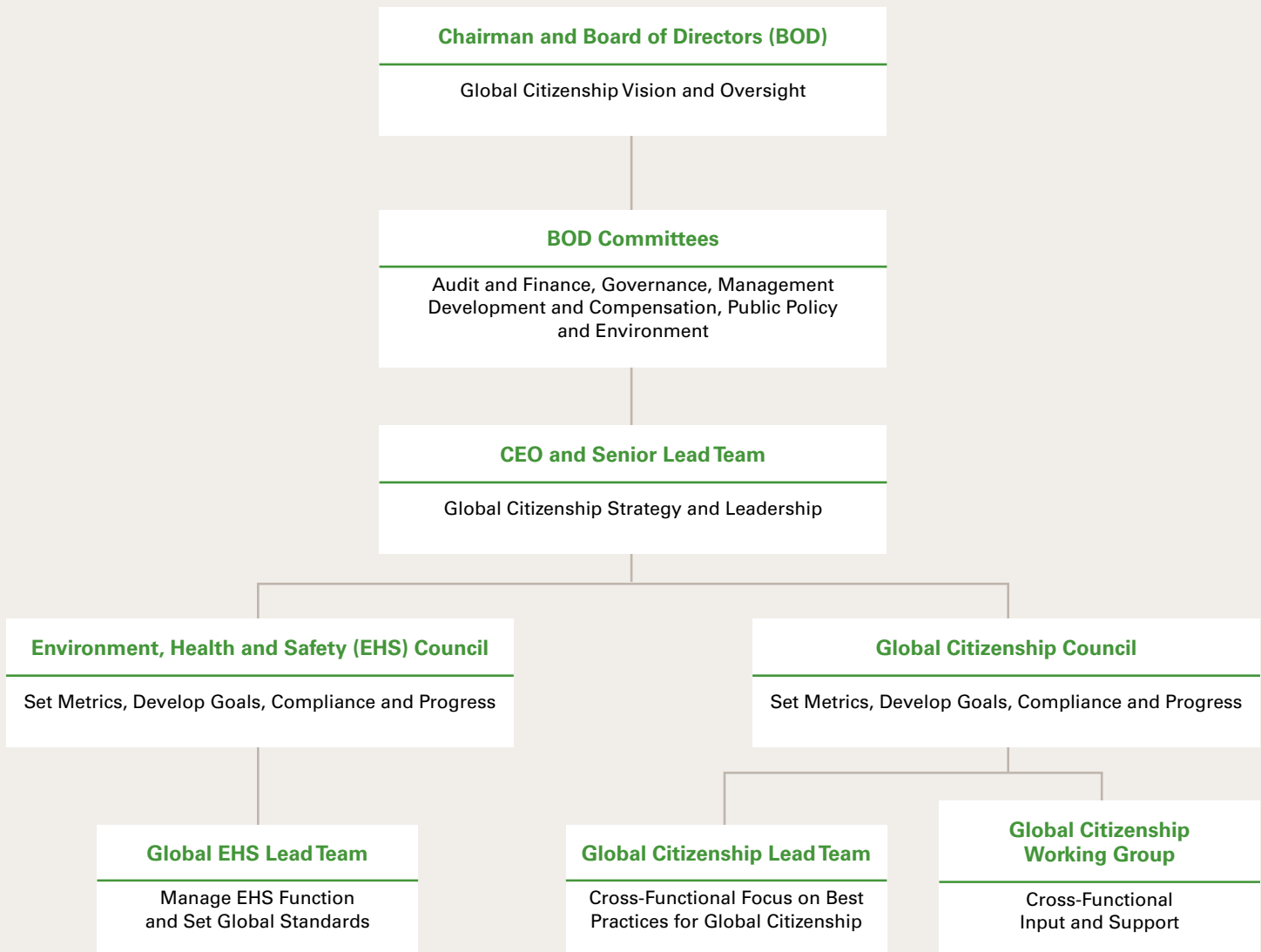
The Public Policy and Environment Committee of the board of directors has overall responsibility for global citizenship at International Paper. It reviews public policy, legal, health and safety, technology, environmental and sustainability issues. The company's Governance Committee also has oversight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

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

Our sustainability, human resources and sourcing departments handle the operational management of sustainability in their given areas. This work is supported by the global citizenship working group, a cross-functional team with members from each of our businesses as well as representatives from communications, legal, EHS, government relations and other staff functions. Meeting quarterly, the working group drives global citizenship initiatives throughout the company, shares best practices and provides 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



DIVERSITY OF GOVERNANCE BODIES

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

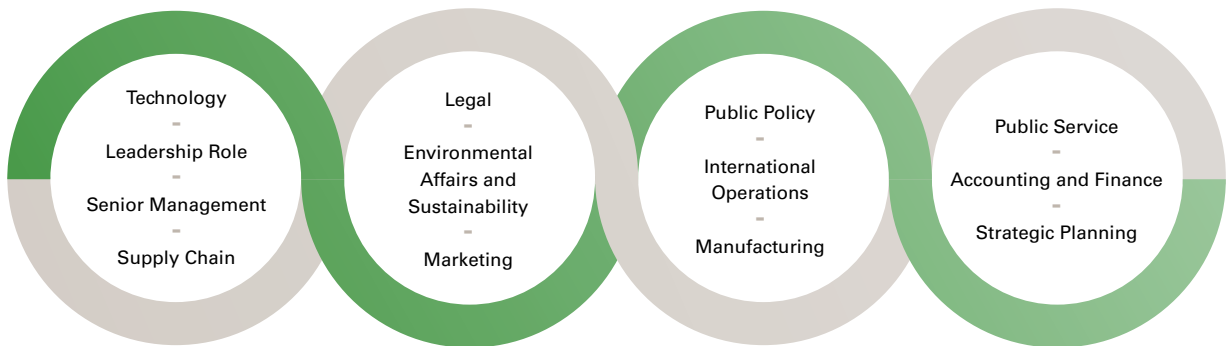
The board, through its Governance Committee, seeks to have a group of directors with a mix of backgrounds, experiences and tenure that will enhance the quality of its deliberations and decisions and provide a blend of institutional knowledge and fresh perspective.

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

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

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

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



Review our [Director Qualification Criteria and Independence Standards](#).

See the [Appendix](#) for more on Diversity of Governance Bodies.

Global Ethics and Compliance

At International Paper, we believe our reputation and success depend on the daily actions and personal accountability of every employee and business partner. We do the right things, in the right ways, for the right reasons, all of the time — this is The IP Way. Together, The IP Way and our Core Values — Safety, Ethics and Stewardship — serve as our guideposts as we carry out our mission.

SAFETY

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

ETHICS

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

STEWARDSHIP

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

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

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

COMPLIANCE APPROACH

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

Our [Code of Conduct](#) lays the groundwork for how we treat our customers, investors, suppliers, communities and each other in our operations around the world. The principles in our Code of Conduct are supported by policies and best-practice processes that help prevent illegal or unethical conduct, and assess, monitor, mitigate and respond to potential risk situations or occurrences. All International Paper employees as well as our board of directors are subject to the company's Code of Conduct and policies. The board approves each version of the company's Code of Conduct and receives periodic updates on ethics and compliance matters, including policy updates.

Our [Third Party Code of Conduct \(TPCOC\)](#) sets the expectations of ethical and legal conduct for all third parties with whom we do business.

Ethics training is mandatory for all full-time salaried employees. Job role-specific courses address respective business risks. They cover topics such as compliance with the U.S. Foreign Corrupt Practices Act (FCPA) and other anti-corruption standards; antitrust and competition law concerns; fair labor practices; conflicts of interest; records management, data privacy and insider trading prevention. We provide ethics and compliance training tailored to the needs of each region, and the Code is available in multiple languages across our operations and is available to the public online.

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 applicable data privacy laws, including the European Union General Data Protection Regulation.

ENVIRONMENTAL COMPLIANCE

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 nonconformance 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.

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

Our environmental expenditures include, among other areas, those related to air and water quality, waste disposal and the cleanup of contaminated soil and groundwater, including situations where International Paper has been identified as a potentially responsible party (PRP). In 2019, we were named as a PRP in environmental remediation actions under various federal and state laws. Many of these proceedings involve the cleanup of hazardous substances at large commercial landfills that received waste from many different sources. For more information on environmental and legal proceedings, please see [Note 14 in our 2019 Annual Performance Summary](#).

REPORTING CONCERNS

We do not tolerate violations of our Code of Conduct, our policies or any conduct that is illegal or unethical. Anyone who becomes aware of or suspects a violation is expected to report it. We encourage employees who need help or advice to speak with their supervisors. Employees are not required to follow any particular chain of command to report a concern. Employees are encouraged to contact any trusted manager, a human resources representative, the global ethics and compliance office, the legal department, a member of internal audit or enterprise security management depending on the concern.

Employees can always contact the International Paper [HelpLine](#), which offers a confidential method for seeking advice and reporting concerns. Our HelpLine is available to employees and, where permitted, 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 at [EthicsIP.com](#). Our HelpLine is managed by a third-party vendor and is accessible 24 hours a day, seven days a week, 365 days a year. We provide HelpLine awareness through our Code of Conduct, training, posters, internet and intranet websites, internal newsletters and other promotional materials.

We take all reports seriously and investigate each allegation. We have a strict no-retaliation policy so employees can make good-faith reports without fear of negative repercussions. Our expectations of employees when conducting business and our reporting standards and procedures are detailed in our Speak Up! Ethical Business Conduct policy.

HOW THE HELPLINE WORKS

International Paper provides a confidential HelpLine for employees and, where permitted, contractors, business partners and the general public. Subject to local laws, they can raise concerns about illegal activities or unethical behavior, including any violations or suspected violations of the law and, in many locations, the Code of Conduct or any company policy.

- 1** You report a concern to the HelpLine by telephone or through [EthicsIP.com](https://ethicsip.com). In many locations, you do not have to give your name if you don't want to.
- 2** Reports go to the Ethics office for investigation and resolution.
- 3** We look into every report. During the investigation process, if you have given your name, an investigator may interview you, along with others.
- 4** If we uncover a violation of the law, the Code or any company policy, or weakness in a company process or policy, we will address it.
- 5** You may follow up on your report by phone or online. International Paper prohibits retaliation against anyone who makes a report in good faith, even if no violation has actually occurred.

ANTI-CORRUPTION

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

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

Employee Expectations and Training

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

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

We require employees to abide by travel, gift and expense policies designed to prevent even the appearance of impropriety in dealings with government officials. International Paper similarly holds third parties to the same standards.

All full-time salaried employees are trained on International Paper Code of Conduct and anti-corruption policies, and refresher training is conducted periodically. The International Paper training process includes education of employees through periodic internal messaging; training conducted on our internal learning management system, in-person trainings conducted by members of the legal department, the ethics and compliance office and occasionally outside legal counsel.

Third Party Expectations and Training

We have detailed global sourcing processes that include screening third parties for a wide variety of risks, including corruption risks. We seriously consider the results of those assessments and manage corruption risks appropriately. The program requires all suppliers to abide by our TPCOC, which specifically prohibits improper payments as well as 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.

In some of our global regions, suppliers have been educated on anti-corruption and other ethical behavior expectations through training on our Third Party Code of Conduct or, previously, our Supplier Code of Conduct. Many suppliers have also received the [International Paper Supplier Handbook](#), which sets forth expectations of ethical behavior.

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

Government Relations

PUBLIC POLICY

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

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

2019 PUBLIC POLICY FOCUS AREAS

Energy Diversity and Efficiency

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

Biomass Residuals Carbon Neutrality

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

Recycling

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

Global Trade

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

Corporate Tax Reform

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

Infrastructure

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

Combating Illegal Logging

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

Transportation

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

Extended Producer Responsibility

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

Postal Reform

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

Product Bans

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

Workforce

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

POLITICAL CONTRIBUTIONS

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

The Center for Political Accountability publishes an annual report called the [CPA-Zicklin Index](#) of Corporate Political Disclosure and Accountability that measures the political transparency and oversight practices of the entire S&P 500. For the third year in a row, International Paper earned the designation of CPA-Zicklin Trendsetter. We are also one of 73 companies in the S&P 500 to receive the top ranking for political disclosure and accountability due to our voluntary reporting efforts.

We also publish a voluntary report of political contributions on a semi-annual basis. Learn more about [contribution information here](#).



Explore our [positive impact](#) on people and communities around the world

Appendix

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Engagement Method by Stakeholder

COMMUNITIES

IMPORTANCE

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

HOW WE ENGAGE

- Economic and charitable relationships
- Employee-led fundraising
- Plant tours
- Community Advisory Councils
- Volunteerism
- Media
- Product Donations

KEY TOPICS

- Air emissions
- Economic impact
- Community engagement
- Sustainable jobs
- Water use and water quality

OUR RESPONSE

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

CUSTOMERS

IMPORTANCE

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

HOW WE ENGAGE

- Sales relationships
- Regular site visits
- Meetings
- Surveys
- Special events
- Online communications
- Onsite/forestry tours

KEY TOPICS

- Air + GHG emissions
- Certified fiber content
- Climate change
- Life cycle impact
- Operational efficiency
- Recovered fiber content
- Waste reduction

OUR RESPONSE

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

EMPLOYEES

IMPORTANCE

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

HOW WE ENGAGE

- Safety programs
- Safety Leadership Training
- Diversity and functional forums
- Employee training
- Intranet sites
- Presentations
- Engagement surveys
- Company-wide communications

KEY TOPICS

- Diversity and inclusion
- Employee development
- Employee engagement
- Safety
- Global webcasts
- Team meetings

OUR RESPONSE

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

GOVERNMENTS

IMPORTANCE

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

HOW WE ENGAGE

- Legislative meetings
- Formal hearings
- One-on-one meetings
- Trade associations meetings
- Policy-based organizations collaboration

KEY TOPICS

- Compensation
- Ethics
- Health and safety
- Paper recycling and recovery
- Taxes and environmental policy
- Transportation
- Trade and export

OUR RESPONSE

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

NON-GOVERNMENTAL ORGANIZATIONS

IMPORTANCE

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

HOW WE ENGAGE

- External communications
- InternationalPaper.com
- Corporate email forms
- Participation in conferences and forums
- Public-private partnerships and engagement on select topics
- Strategic partnerships and consultation on material issues

KEY TOPICS

- Air + GHG Emissions
- Climate change
- Disaster relief
- Education
- Health and wellness
- Hunger (food insecurity)
- Recycling
- Sustainable forestry
- Water stewardship

OUR RESPONSE

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

SHAREHOLDERS

IMPORTANCE

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

HOW WE ENGAGE

- Annual Shareholders Meeting
- Quarterly earnings conference calls
- Regular calls and in-person meetings
- Business strategies
- Financial returns
- Financial stewardship
- Risk mitigation

KEY TOPICS

- Business strategies
- Financial returns
- Financial stewardship
- Risk mitigation

OUR RESPONSE

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

SUPPLIERS

IMPORTANCE

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

HOW WE ENGAGE

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

KEY TOPICS

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

OUR RESPONSE

- Our Third Party Code of Conduct (formerly, the Supplier Code of Conduct) outlines our expectations for workplace standards and business practices of our suppliers and others who are within their supply chains
- Our supply chain sustainability strategy is supported by three complementary drivers: promoting transparency, enhancing risk, and strengthening partnerships

Materiality Assessment

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

We conduct a formal materiality survey every two years seeking input from each of the stakeholder groups to fine-tune or course-correct our global citizenship strategy and disclosure efforts.¹⁰

¹⁰ Consistency in survey results over the past several years compelled us to move to biennial surveys.

The results of the survey help guide us in our strategic decision-making, stakeholder engagement agenda and reporting framework. By engaging internal and external stakeholders on their view of the relative importance of our company's impact, programs and performance in key areas, we can optimize our sustainability strategy and further work to reduce our impact. We carefully review all results and focus efforts on the issues with the highest priority for stakeholders and the biggest estimated impact on the company.

All stakeholder groups, which include communities, customers, employees, government, non-governmental organizations, shareholders and suppliers, were represented in our 2018 survey. Learn more about [Stakeholder Engagement](#).

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

MATERIALITY MATRIX

External Stakeholder Importance vs Internal Stakeholder Importance



We will continue to refine this process and engage stakeholders on a regular basis to ensure we are addressing emerging trends and new priorities.

Material Issues

We mapped our stakeholders' priority issues across our value chain, which helps us identify and address key impacts where they occur.

SUSTAINING FORESTS			
Deforestation	Fiber sourcing & certification	Forest ecosystem	Land use rights
Sustainable forestry	Watershed stewardship		
SUSTAINABLE SUPPLY CHAIN			
Human rights	Responsible sourcing practices	Supplier diversity	
MANUFACTURING RESPONSIBLY			
Air emissions	Chemical use	Climate change	Energy consumption
GHG emissions	Renewable energy	Transparency and Disclosure	Waste management
Water management			
INNOVATIVE, RENEWABLE PRODUCTS			
Financial performance	New product innovation	Product material innovation	Product safety
Responsible marketing			
RECYCLING AND BEYOND			
Recovered fiber & fiber efficiency	Product end-of-use		
RESPONSIBLE BUSINESS PRACTICES			
Business ethics, bribery & corruption	Charitable donations	Community engagement	Compensation
Cyber security	Diversity & equal opportunity	Employee engagement	Employee volunteerism
Government relations & public policy advocacy	Human rights	Indirect economic value	Labor relations
Public safety	Stakeholder engagement	Stakeholder responsiveness	Talent attraction & retention
Training & development	Transparency & disclosure	Worker health & safety	

2019 Diversity of Governance Bodies

	MALE	FEMALE
Board of Directors*	73%	27%
Senior Lead Team**	85%	15%
Officers***	86%	14%

* 11 members, including Mark Sutton

** 13 members, including Mark Sutton

***44 appointed members, excludes SLT

	UNDER 30	31-50	OVER 51
Board of Directors	0%	0%	100%
Senior Lead Team	0%	15%	85%
Officers	0%	32%	68%

Employee Diversity

EMPLOYEES 2019 – REGION BY GENDER

	MALE	FEMALE	TOTAL
North America	82%	18%	35,531
EMEA	77%	23%	10,382
South America	86%	14%	5,362
Asia	33%	67%	152

EMPLOYEES 2019 – REGION BY AGE

	UNDER 31	31-40	41-50	51-60	OVER 61
North America	16%	22%	23%	27%	12%
EMEA	13%	25%	29%	28%	5%
South America	24%	37%	26%	12%	1%
Asia	16%	39%	31%	11%	3%

NEW HIRES IN 2019 – REGION BY GENDER

	MALE	FEMALE
North America	82%	18%
EMEA	73%	27%
South America	74%	26%
Asia	24%	76%

EMPLOYEE TURNOVER IN 2019 – REGION BY GENDER

	MALE	FEMALE
North America	15%	14%
EMEA	7%	9%
South America	15%	21%
Asia	4%	14%

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

Giving Structure and Governance

ORGANIZATION	ESTABLISHED	GOVERNANCE	FUNDING
Instituto International Paper (Brazil)	2007	International Paper Leaders	Annual company contributions
	The Instituto International Paper (IIP) is a Public Interest Civil Society Organization (OSCIP), responsible for developing, coordinating and executing initiatives and programs related to global citizenship efforts in Brazil. IIP was created in late 2007 to develop, coordinate and execute initiatives and programs related to corporate social responsibility at International Paper Brazil.		
Russia Social Council (Russia)	2001	International Paper Officers and Non-officer Employees	Company funded
	Based in Svetogorsk, this council was established in 2001 and provides local community support in the target areas of healthcare, education, sport and cultural activities. The council seeks to provide long-term benefits for the people in the community by building strategic partnerships with local non-profit organizations, while supporting the retention of the local workforce and key talent.		
Employee Relief Fund	2001	International Paper Officers and Non-officer Employees	Employee donations and company matching contributions
	When a crisis occurs, our employees rise to the occasion to help their fellow workers and communities. Our Employee Relief Fund (ERF) was created in 2001 to support International Paper employees who are impacted by a natural disaster or personal emergency by providing cash for basic needs such as food, medicine, clothing and shelter.		

ORGANIZATION	ESTABLISHED	GOVERNANCE	FUNDING
International Paper Kwidzyn Charity Foundation (Poland)	1994	International Paper Leaders	Annual company and employee contributions
	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. Funds provide assistance to the victims of disasters, individuals suffering from a variety of disabilities and people suffering from poverty, as well as provide support for sports activities and the financing school equipment. In 2019, the foundation contributed more than \$100,000 to financial or product support for more than 400 applicants.		
IP Foundation (United States)	1952	International Paper Leaders	Company endowments
	Established in 1952, the foundation annually provides millions in grants to 501(c)(3) non-profit organizations to address critical needs in the communities where our employees live and work. In 2019, the International Paper Foundation contributed \$4 million to address critical community needs in the U.S.		
International Paper Corp.	1898	International Paper Officers and Leaders	Company funded
	See Our Company		

External Initiatives

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

ENTITY OR INITIATIVE	PURPOSE/COMMITMENT
826 National	We support the largest youth writing network in the U.S., helping fund their free writing programs that serve more than 38,000 under-resourced students ages six to 18 in eight cities and an additional 46,000 students nationwide through 826 Digital.
American Forest Foundation Carolinas Working Forest Conservation Collaborative	We participate in this joint initiative focused on the Coastal Carolinas Plain to educate and engage family woodland owners in sustainable forestry, forest certification, the enhancement of habitat for at-risk species and the conservation of bottomland hardwood forests.
American Red Cross Annual Disaster Giving Program	Our commitment builds upon the company's long-time support of American Red Cross disaster relief programs and helps more than 100 communities across the country.
Arbor Day Foundation Community Tree Recovery Program and Time for Trees Initiative	The Community Tree Recovery Program is promoting community resilience by helping homeowners recover the beauty and benefit of trees after a natural disaster, as well as helping to restore forestlands impacted by natural disasters. The Time for Trees initiative, a commitment to plant 100 million trees in forests and communities worldwide by 2022.
CDP	We report annually to CDP questionnaires on climate, forests, water and supply chain.
Celebrate Planet Earth	Our support helps distribute butterfly kits and sunflower kits to kindergarten through third-grade classrooms across the U.S.
The Circular Economy Accelerator	An initiative of The Recycling Partnership, the Circular Economy Accelerator™ aims to advocate for sustainable funding; inspire policy to incentivize recycling over disposal; and develop new models to expedite public-private solutions for circular systems.

ENTITY OR INITIATIVE	PURPOSE/COMMITMENT
Coaching For Literacy	We are working together to support the Fight for Literacy Games initiative benefiting school children from kindergarten to 3rd grade. The Fight for Literacy Games empower NCAA basketball coaches, their teams and fans to participate in literacy awareness efforts, volunteer work and fundraising activities.
EPA SmartWay	This is a public-private initiative to reduce greenhouse gas emissions and air pollution created by freight transportation.
Feeding America®	Through Feeding America, the nation's largest domestic hunger-relief organization, we are helping feed America's hungry and to support its national disaster relief efforts.
Forestland Stewards	National Fish and Wildlife Foundation and International Paper created Forestlands Stewards in 2013. The collaboration is working to restore, enhance and protect more than 540,000 acres of U.S. forestland through 10 years of projects.
Natural Capital Coalition	We participate in a global multi-stakeholder collaboration that brings together leading global initiatives and organizations to harmonize approaches to natural capital.
National Conference of State Legislators (NCSL)	The NCSL represents the legislatures in the states, territories and commonwealths of the U.S. Its mission is to advance the effectiveness, independence and integrity of legislatures and to foster interstate cooperation and facilitate the exchange of information among legislatures. We support the work of NCSL through our contribution to the NCSL Foundation.
North American Forest Partnership #ForestProud initiative	The initiative, formed by a diverse community of forest stewards, aims to build trust and support to manage, harvest, conserve, and play in North America's forests in ways that address key societal challenges.
Reading is Fundamental	We support Reading is Fundamental's Books for Ownership program, which gives age-appropriate books to first-graders in school districts where our employees live and work, so they can begin building their own home libraries.
The Global FoodBanking Network	We are working with The Global FoodBanking Network (GFN) to expand child-focused programming to feed food insecure and undernourished children in Brazil, Canada, Poland and Spain.
The Nature Conservancy (TNC)®	TNC is a collaborative, science-based non-governmental organization that works to conserve the lands and waters on which all life depends. Our support is making several of TNC's forest sustainability, water stewardship and responsible sourcing projects possible, including a global project focused on reduced-impact logging for carbon (RIL-C) in Indonesia and Gabon.
The Recycling Partnership	One of 40 leading companies in the program, we are funding partners of this rapidly growing national non-profit that leverages corporate investment to transform recycling for good in hundreds of communities across the country.
Third Way	Third Way is a national think tank that champions modern center-left ideas. Its work is grounded in the mainstream American values of opportunity, freedom, and security.
U.S. Department of Energy Better Plants Program	We have committed to reduce energy intensity by 25% over a decade across our U.S. facilities.
United Way	We annually conduct more than 80 local United Way campaigns in the U.S. and Canada, enabling employees to donate to their communities in a meaningful way.
World Wildlife Fund (WWF) – Global Forest & Trade Network and Science-Based Targets initiative	We participate in the Global Forest & Trade Network, which is focused on eliminating illegal logging and driving improvements in environmentally and socially responsible forest management. We also support WWF's initiative to advance the concept of science-based targets for forests. In addition, our support is enabling a restoration project in the Mogi Guaçu River basin in Brazil.

Associations Membership

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

ORGANIZATION	DESCRIPTION	PARTICIPATION AT THE GOVERNANCE LEVEL	PARTICIPATION IN PROJECTS OR COMMITTEES
American Forest and Paper Association	National trade association of the forest products industry that advances public policies that promote a strong and sustainable U.S. forest products industry	✓	✓
Association of Russian Pulp and Paper Companies	Non-commercial association established in 1999 by the Russian pulp and paper enterprises and institutes		✓
Blue Green Alliance	Unites America's largest labor unions and its most influential environmental organizations to identify ways today's environmental challenges can create and maintain quality jobs and build a stronger, fairer economy		✓
Brazil-U.S. Business Council	Part of the U.S. Chamber of Commerce, an advocacy organization for U.S. and Brazilian companies with interest in the economic relationship and in conducting business in both markets	✓	✓
Brazilian Forest Certification Programme	Programme for the Endorsement of Forest Certification (PEFC) endorsed Brazilian third-party forest certification system		✓
Brazilian Industry of Trees (Industria Brasileira de Arvores)	Industry association in Brazil responsible for the planted tree production chain, from the field to the industry	✓	✓
Business Roundtable	Association of chief executive officers of leading U.S. companies working to promote sound public policy and a thriving U.S. economy	✓	✓
Confederation of European Paper Industries	Nonprofit organization that represents the paper industry with EU institutions	✓	✓
Corporate Eco Forum	An invitation-only network of Global 500 executives driving innovation in corporate sustainability		✓
Envelope Manufacturers Association (EMA)	A non-profit that promotes the value of paper-based communications and, in particular, envelopes and printed products	✓	✓
Fibre Box Association	Trade association representing North American corrugated packaging manufacturers	✓	✓
Forest Resources Association	Promotes the interests of forest products industry members in the economical, efficient and sustainable use of forest resources	✓	✓

ORGANIZATION	DESCRIPTION	PARTICIPATION AT THE GOVERNANCE LEVEL	PARTICIPATION IN PROJECTS OR COMMITTEES
Forest Stewardship Council®	Promotes environmentally sound, socially beneficial and economically prosperous management of the world's forests	✓	✓
International Conservation Caucus Foundation	Promotes the projection of U.S. leadership for international conservation worldwide	✓	✓
National Association of Manufacturers	The largest manufacturing industrial trade association in the United States, representing 11,000 small and large manufacturing companies in every industrial sector and in all 50 states		✓
National Council for Air and Stream Improvement	Independent, non-profit research institute that focuses on environmental and sustainability topics relevant to forest management and the manufacture of forest products	✓	✓
National Fish and Wildlife Foundation	Works with both the public and private sectors to protect and restore fish, wildlife, plants and habitats		✓
National Industrial Transportation League	The largest manufacturing industrial trade association in the United States, representing 11,000 small and large manufacturing companies in every industrial sector and in all 50 states	✓	
ORCHSE Strategies, LLC	Premier global family of health, safety, and environmental networks for industry leaders		✓
Paper and Packaging Board	A commodity checkoff program overseen by the U.S. Department of Agriculture (USDA); it oversees the work of the 'Paper & Packaging – How Life Unfolds' campaign designed to increase demand for paper and paper-based products	✓	✓
Programme for the Endorsement of Forest Certification	International non-profit, non-governmental organization dedicated to promoting sustainable forest management	✓	✓
Pulp and Paper Safety Association	Non-profit international organization devoted to the continuous improvement of safety throughout all aspects of the paper industry		✓
Sustainable Forestry Initiative®	Promotes sustainable forest management, improved forestry practices and responsible purchasing of forest products	✓	✓
Sustainable Packaging Coalition (SPC)	A membership-based collaborative with the mission of bringing packaging sustainability stakeholders together to improve packaging systems and lend an authoritative voice on issues related to packaging sustainability		✓

ORGANIZATION	DESCRIPTION	PARTICIPATION AT THE GOVERNANCE LEVEL	PARTICIPATION IN PROJECTS OR COMMITTEES
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	✓	✓
U.S.-China Business Council (USCBC)	A private, nonpartisan, nonprofit organization with the mission of expanding the U.S.-China commercial relationship to the benefit of its membership and, more broadly, the U.S. economy		✓
U.S.-Poland Business Council	An organization that strives to expand the U.S.-Poland trade and investment to a wide variety of business sectors	✓	✓
U.S.-Russia Business Council (USRBC)	A Washington, D.C.-based trade association with the mission to expand the U.S.-Russian commercial relationship	✓	✓
U.S.-Turkey Business Council	Part of the U.S. Chamber of Commerce, a business advocacy organization established to expand the bilateral commercial relationship and increase trade and investment between the United States and Turkey	✓	✓
Women's Business Enterprise National Council	A non-profit that advocates for women-owned businesses as suppliers of U.S. corporations		✓
World Business Council for Sustainable Development	CEO-led organization of forward-thinking companies that works with the global business community to create a sustainable future for business, society and the environment	✓	✓
World Environment Center	Global non-profit, non-advocacy organization that advances sustainable development through the business practices of member companies and other stakeholders		✓

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.

Bioeconomy

An industry and economic model that uses renewable biological resources from land and sea – such as crops, forest, fish, animals, and microorganisms – to produce food, materials and energy.

Biological Oxygen Demand (BOD)

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

Biomass Residuals Energy

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

British Thermal Units (BTU)

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

The California Transparency in Supply Chains Act 2010

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

Carbon Neutral

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

CDP

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

CO₂e, Carbon Dioxide Equivalent

A measure used to compare the emissions from different greenhouse gases in terms of their warming potential relative to carbon dioxide.

Chain of Custody

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

Circular Economy

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

Climate Change

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

Community Engagement

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

Containerboard

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

Direct (Scope 1) Emissions

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

eGRID

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

EHS

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

Employment Classifications — U.S.

Exempt Employee:

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

Hourly Employee:

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

Nonexempt Employee:

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

Energy Efficiency

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

EU Timber Regulation

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

Fair Labor Standards Act (FLSA)

The U.S. federal law known as the Fair Labor Standards Act (FLSA) establishes, among other things, the federal minimum wage and hour requirements for employee work time and eligibility for overtime pay for certain types of employees. Under the FLSA, employees are divided into two groups: exempt employees and non-exempt employees. Exempt employees are

exempt from the time-keeping rules and are not eligible for overtime pay under the FLSA. Non-exempt employees are entitled to overtime pay and are subject to the time-keeping rules of the FLSA. The FLSA is enforced by the U.S. Department of Labor.

Fluff Pulp

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

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 infrared radiation, traps heat in the atmosphere, and contributes to the greenhouse effect.

Indirect (Scope 2 & 3) Emissions

Emissions that result from the activities of International Paper, but are generated at sources owned or controlled by another organization. Scope 2 emissions refer to GHG emissions from the generation of electricity, heat or steam that is imported and consumed by International Paper. Scope 3 emissions are all other indirect emissions that occur in our value chain.

International Paper APPM Limited

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

The IP Way

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

The IP Way Forward

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

LIFE

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

Lost Work Day Incidents

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

Material Aspects

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

Materiality Analysis

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

Natural Capital Protocol

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

Non-Governmental Organization (NGO)

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

NO_x

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

Old Corrugated Containers (OCC)

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

OSHA

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

PAC

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

Paperboard

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

Paris Climate Agreement

(French: Accord de Paris)

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

Particulate Matter (PM)

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

Precautionary Principle

The approach whereby any possible risk associated with the introduction of a new technology or innovation is avoided, until a full understanding of its impact on health, environment, and other parameters is available. We apply a risk-based approach to help prevent negative outcomes.

Product Stewardship

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

Reduced Impact Logging for Climate - Mitigation (RIL-C)

A practical methodology developed by The Nature Conservancy to measure and verify reductions in greenhouse gas (GHG) emissions achieved through reduced-impact logging practices. This methodology strengthens the link between good forest management and forest protection by clarifying the best practices for maximizing living carbon in forests and allowing forest managers to access incentives for climate mitigation.

Renewable Resources

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

Science-Based Targets (SBT)

Targets adopted by companies to reduce greenhouse gas emissions that align with what the latest climate science says is necessary to meet the goals of the Paris Agreement — to limit global warming to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.

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.

Sustainable Development Goals (SDGs)

A set of 17 global targets established by the United Nations in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

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 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.

United Nations Declaration of Human Rights

A common standard of fundamental human rights that are universally protected for all peoples and all nations, proclaimed by the United Nations General Assembly in 1948.

U.S. Foreign Corrupt Practices Act

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

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.

Vision 2020 Goals

Our 12 voluntary goals with a 2010 baseline, aimed at improving our impact on people and the planet. The goals conclude on December 31, 2020.

Vision 2030 Goals

The next generation of our goals which demonstrate our commitment to building a better future for people, the planet and our company. Vision 2030 consists of four goals and eight corresponding targets that enable us to measure our progress starting in January 2021.

GRI Content Index

This GRI Content Index is provided to assist readers in understanding how our report aligns with the GRI Sustainability Reporting Standards. This index includes Core indicators as well as a number of additional indicators that we have determined are relevant to our business. This report follows the updated GRI standards, our 2014 and 2015 reports used the GRI G4 Guidelines. We continue to evaluate issues that are material to our company and expand our disclosures. We report on an annual basis. Our previous report was published in July 2019. Financial information and disclosures can be found in our [2019 Annual Performance Summary](#).

All data are reported as of Dec. 31, 2019, unless otherwise stated. Data are included from all global operations. We do not collect data on any joint venture in which we do not have a controlling interest. In some cases our 2010 baseline data, as well as other historical data, have been restated to reflect acquisitions and joint ventures where International Paper has a controlling interest. Where appropriate, we report historical data for comparative purposes, as well as data normalized to metric tons of production for a given year. We do not provide external assurance. Data parameters and calculation methods use a combination of international, government, industry and company standards and protocols. International Paper made reasonable effort to ensure the information presented is accurate and complete.

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.

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OUR GLOBAL TEAM IS COMMITTED TO:

Investing in people and
strengthening our communities

Using all resources responsibly
and efficiently

Ensuring our businesses are safe,
successful and sustainable for
generations to come

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