

IN OUR
nature

SUSTAINABILITY YEAR IN REVIEW 2014





08



12



16



20



24



27

ON THE COVER:

International Paper's corrugated boxes, used here by *Hunt Brothers Groves* in Lake Wales, Florida. These boxes were produced at our box plant in Tampa, Florida—one of 130 box plants we operate in North America. Customers choose International Paper corrugated boxes for our strong commitment to having the best designed, high-quality, and sustainable products.

Contents

02	FOREWORD FROM OUR CEO
04	OUR EMPLOYEES
06	OUR SUSTAINABILITY STRATEGY
	<i>Our Six Strategic Focus Areas</i>
08	WATER USE
12	FOREST STEWARDSHIP
16	SAFETY
20	STAKEHOLDER ENGAGEMENT
24	GHG EMISSIONS
27	ETHICS AND COMPLIANCE
30	COMMUNITY GIVING
32	PROGRESS TOWARD OUR 2020 GOALS

ABOUT THIS PUBLICATION

This publication covers International Paper's sustainability progress highlights for calendar year 2014. We report against the Global Reporting Initiative (GRI) key performance indicators in the areas of economic, environmental, and social performance "In Accordance" with the G4 Sustainability Reporting Guidelines Core level.

The full 2014 GRI Report is available online at www.internationalpaper.com/sustainability.

These publications are supplemented by our Annual Report and additional sustainability information available at **www.internationalpaper.com**.

For questions or more information about this report, email **sustainability@ipaper.com**.

Foreword from our **CEO**



On behalf of International Paper's 58,000 employees worldwide, I am proud to present our 2014 sustainability plans and results. For more than 117 years, International Paper's commitment to the highest ethical and sustainable business standards is guided by a simple principle: do the right things for the right reasons. We strive to make the right decisions for our employees, customers, neighbors, and investors—which have allowed us to continuously improve our social, environmental, and economic performance. As Chairman and CEO, I have the pleasure of seeing our efforts firsthand and look forward to sharing these with you over the next few pages.

As a global manufacturer operating in more than 24 countries, natural resources are crucial to our supply chain. This is why we are continuously working to improve all aspects of our value chain, especially sourcing of wood fiber, water use, and energy efficiency. In 2012 we created 12 voluntary sustainability goals to measure our performance with specific targets set for 2020. We have already exceeded several of these goals and we're committed and focused on achieving the others.

“International Paper is guided by a simple principle embedded in The IP Way: do the right things for the right reasons.”



Over the past few years, we have worked with internal and external stakeholders to identify key issues that are material to our global operations. The process led to the update of our sustainability strategy in 2014, which prioritizes six key sustainability areas. We believe a sharp focus on the following priority areas will help us continue to move in the right direction on some of the most critical issues for our company and the communities in which we operate.

- **Safety:** Eliminating fatalities and injuries in our workplace is our highest priority. Our Life-Changing Injury and Fatality Elimination (LIFE) safety program has reduced life-impacting injuries by 68 percent since its inception. In 2015, leaders at all levels of the company will receive IP Safety Leadership training.
- **Water Use:** Recognizing the growing importance of global water usage, we've mapped all 41 of our mills based on water-related risk to help identify water conservation opportunities. Looking forward, we will create site-specific plans for strategic watershed areas to reduce our water use in water-stressed locations.
- **Greenhouse Gas (GHG) Emissions:** In our primary mills we use renewable carbon neutral biomass to meet nearly 70 percent of our energy needs. Since 2010 we have reduced GHGs by 8.3 percent and improved energy efficiency by 6.1 percent.
- **Forest Stewardship:** Forests are the largest source of our raw materials. Our focus on forest stewardship essentially guarantees all our fiber comes from responsibly managed forests, and that ecological benefits will be available for generations to come.

Since 2010 we have increased our certified fiber by almost 28 percent and will continue to strive toward our goal of a 35 percent increase by 2020.

- **Ethics and Compliance:** Ethical behavior and personal integrity are at the core of our culture. These values extend beyond our employees to our suppliers, who are required to maintain the same level of ethics and integrity in their dealings with us. In 2014 we expanded the number of suppliers trained in our Supplier Code of Conduct and obtained commitments of compliance from the vast majority of suppliers. Over the next few years we intend to enhance our processes and expand our ability to hold our suppliers accountable to the commitments into the future.
- **Stakeholder Engagement:** By engaging our stakeholders we are building trust and credibility to create advocates for our great company.

As a company we're committed to continuous improvement and transparency around our sustainability successes and challenges. The stories ahead represent IP's diverse efforts around the world to move us closer to our goals. I hope you will see why we believe sustainability is simply *In Our Nature*.

Thank you.

Mark Sutton | Chairman and CEO, International Paper



Chairman's Diversity Council co-chairs Errol Harris and Kirt Cuevas at the 2014 Diversity and Inclusion Forum.

OUR EMPLOYEES drive our PROGRESS

We believe in providing opportunities for employee development and learning, fostering diversity in our workforce, and training our leaders. Through these efforts, we seek to not only create a positive, thriving work environment, but also continue uniting our global team around International Paper's strategy and goals.

96%

employee participation in our global engagement survey - teams develop "impact plans" to improve engagement and our culture

2,500+

employees participated in Diversity and Inclusion training

800+

leaders were a part of our IP Leadership programs in 2014 (including senior management and the Chairman)

Leadership Training

Our goal is to continue building a leadership culture with high ethical standards.

Leadership works when employees are motivated, engaged, and working toward common goals and objectives. International Paper builds employee skills and supports professional growth through a variety of training initiatives including:

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

International Paper's Leadership Institute provides interactive learning and growth opportunities for employees from around the world. The Institute offers programs and resources that align with our key business strategies and initiatives while promoting leadership development through assessment, feedback, and coaching.

Examples of programs offered through the Leadership Institute include:

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

IP Leadership II: Piloted in the summer of 2014, IP Leadership II is designed for more experienced first- and second-level leaders. The program takes about eight months to complete and includes on-the-job demonstrations and learning opportunities. It will be rolled out globally in 2015.

Our Leadership Model is based on the three core elements of Character, Capability, and Catalyst. It serves as the foundation from which successful leadership emerges and is practiced every day by leaders at all levels of the company. Strong leadership enables us to sustain highly effective teams and teamwork in order to meet our strategic business objectives.

Diversity, Inclusion & Employee Engagement

"An inclusive work environment is not optional in our people-driven company," says International Paper CEO Mark Sutton. "It is critical to our success." Diversity matters at International Paper. We understand that when individuals with different viewpoints and backgrounds drive toward a common vision, it results in both productive teams and excellent business outcomes. Inclusion fosters full participation and helps us leverage the diversity of our employees, engaging them and encouraging collaboration.

We rely on our people to execute at every level. The best way to ensure peak performance is to seek full engagement and ensure everyone embraces the goals of their department, plant, and company. Each person brings his or her unique background, education, personal characteristics, experience, and skills. By engaging with and listening to one another, we elevate inclusion.

Many of our leaders, both staff group and manufacturing, participated in Diversity and Inclusion training. The training involved Inclusion Forums, Mentoring Boards, and team level courses, all designed to reinforce International Paper's focus on creating an inclusive and engaging work environment.

At International Paper, it's important that we are continuously engaging our employees, measuring our progress against these efforts, and identifying areas to improve.

Our Global Employee Engagement Survey measures how employees feel about their work environment, the people they work with, and their belief that their jobs are important to the company's mission. The survey reaffirmed that employees are committed to IP's mission of using renewable resources to make products people use every day. In 2014, we offered the survey in printed, online, and mobile versions, in 22 different languages. International Paper reached record participation.

defining our
**SUSTAINABILITY
STRATEGY**

Our Six Strategic Focus Areas



“We worked with a diverse set of internal and external stakeholders to further define a strategy that will accelerate progress on our sustainability objectives and goals.”

— David Kiser, VP, Environment, Health, Safety & Sustainability

In order to continue driving improvement, we have established sustainability goals that outline specific environmental and social targets we plan to achieve by 2020. In 2014, with progress toward those goals well underway, we updated our sustainability strategy. Our strategy focuses efforts in six key areas where we either have the most room for improvement or the potential to make the greatest impact. After establishing these key areas, we’ve benchmarked ourselves to see how our performance compares to other industrial manufacturers.

Based on this benchmarking, we have identified our ranking in these areas, both globally and among our peers. As we continue to work toward all the targets outlined in our 2020 Goals (see Page 32), we will continue to benchmark our progress in these strategic focus areas in order to ensure continuous improvement.

Our sustainability strategy is aligned with The IP Way: our vision of becoming one of the most respected and successful companies in the world.

2014 Awards & Recognition

The following awards acknowledge our continuous improvement and progress toward our vision.



**FORTUNE Magazine
World's Most Admired
Companies® 2015**

*IP named for the 12th time
in the last 13 years.*



**Corp Citizen CR
Magazine 100 Best
Corporate Citizens
List 2014**

*On the list for the second
consecutive year.*



**Ethisphere
Institute's World's
Most Ethical
Companies® 2015**

*IP made the list for the
ninth year in a row.*



**Indian Paper
Manufacturers
Association (IPMA)
Environment Award
2013-2014**



**Guia Exame Você
S.A. Best Companies
to Work For 2014**

*Named one of the 150 best
companies to work for in
Brazil for the ninth time,
and the best company to
work for in the pulp and
paper industry.*



Puls Biznesu Daily

*“Poland's Ethical
Companies 2014.”
Kwidzyn Mill named
for the first year of
the initiative.*



Chuck Turner and Brooke Hoover inspect the mill's combined well and ECUA reclaimed water tank.

REDUCING OUR WATER USE IN *Pensacola*



Water is essential to our manufacturing processes, so it is crucial that we actively seek ways to use water effectively and in harmony with community and ecosystem needs. International Paper's Pensacola containerboard mill forged a relationship with the local water utility in Cantonment, Florida, to use treated municipal water for the mill's manufacturing processes rather than using fresh water from the aquifer. Through this effort, the Pensacola mill reduces the amount of fresh water used by five million gallons per day, which amounts to 20 percent of the total water intake.

The Emerald Coast Utilities Authority (ECUA) oversees water and wastewater systems of Escambia County and the City of Pensacola. In 2010, ECUA and International Paper initiated a Water Quality Improvement project that is mutually beneficial for ECUA, International Paper, and the local environment. Benefits include:

- International Paper is able to **reduce fresh water consumption** through use of ECUA's treated water
- ECUA is able to **reduce the amount of treated wastewater** that is pumped directly into the bay
- International Paper has helped **restore native wetlands and improve the quality of water effluent** from the mill

5 million

GALLONS PER DAY REDUCTION IN FRESH WATER USE AS A RESULT OF OUR PENSACOLA WATER PROJECT

ECUA's treated water flows into the mill site and is then used in the mill's industrial processes. The reclaimed water has worked well in the mill's manufacturing processes, and it appears to be a sustainable solution to help conserve fresh water. As of 2014, this conservation effort totaled six billion gallons of fresh water saved since 2011.

After the water is used by International Paper, it flows from the mill's water treatment plant over 3,000 acres of IP-owned wetlands north of Perdido Bay where natural processes provide further treatment to the water. In addition to improving the effluent quality, IP has contributed to the wildlife habitats and ecological value in these historic coastal wetlands by planting 160,000 trees. Today, these newly planted wetlands are home to hundreds of plants and animals. In 2014, we continued to watch the ecosystem mature and grow and are now focused on sustaining the area's renewed ecology.

“This unique public/private relationship now spans 15 years and has proven to be extremely beneficial. International Paper’s use of reclaimed water from our Central Water Reclamation Facility in their manufacturing process has a tremendously positive impact on the potable water supply for our community.”

— Don Palmer, ECUA's Water Reclamation Director

2014 WATER USE HIGHLIGHTS

EXETER, CA, USA

California reservoirs and groundwater levels are at historic lows. At our Exeter bulk packaging plant in central California, we reduced our ground water withdrawals by 145,000 gallons in 2014 by installing a Mechanical Vapor Compression (MVC) unit that purifies our treated wastewater so it can be reused in the boiler and other areas of the plant. The MVC System not only improves International Paper's environmental sustainability, but it also reduces our water use in the local community.

BIGLERVILLE, PA, USA

International Paper's box plant in Biglerville, Pennsylvania, received the Gettysburg Adams Chamber of Commerce Environmental Stewardship Award, which honors businesses, industries, and organizations that have implemented projects that benefit the local environment. The Biglerville plant has been a "zero discharge" site since 1998 and recovers more than 1.6 million gallons of process water each year. The plant has also been recognized for reducing the amount of landfill waste through an effective recycling program for packaging trimmings and inks.

SAILLAT SUR VIENNE, FRANCE

In 2014, the Saillat Mill in west-central France began installation of an Oxygen Delignification system, a well-proven technology that will improve the manufacturing process and water quality to attain even higher sustainability standards. Also known as the "O2 Delign" project, the investment of roughly \$22 million is supported by local and national French and European agencies. In addition to performance improvements, we anticipate that this project will improve water effluent quality by about 35 percent for the entire mill.



IP's Saillat, France mill, where we've improved water efficiency and effluent quality through our recent O2 Delign project.



Also known as the “O2 Delign” project, the investment of roughly \$22 million is supported by local and national French and European agencies.

*Fostering a more
sustainable future for*

RUSSIAN FORESTRY



Q&A

Ksenia Sosnina

President, IP Russia

- **In 2014, International Paper focused on sustainable forestry education efforts in Russia. Why is this an important issue for IP?**

Our focus is on formalizing sustainable forest management (SFM) practices, which take into account environmental issues like protecting biodiversity, forest health, and water quality, but also include social issues like whether forests are providing the community jobs and a good quality of life. In addition, SFM considers economics and the financial benefits provided by forestry, which support these social and environmental initiatives.

IP RUSSIA'S 2014 SUSTAINABLE FORESTRY EFFORTS

40

number of Sustainable Forestry Class participants

12 hours

time spent in the field on SFM education efforts by each participant

29%

percentage of Russian fiber that is third-party certified*

**Remaining percentage from sources that meet IP's Global Responsible Fiber Procurement Policy*

We believe strong forest-based businesses are essential to sustainable development of Russia's rich forest resources.

○ What needs to happen in order for SFM to be implemented?

Implementing SFM would be a major change for Russian forestry that requires active participation of the government to enact new rules and regulations, education systems to train a new generation of foresters and operators, and businesses to implement SFM and invest in the future.

○ How did you work toward these goals in 2014?

We focused on educating and engaging key stakeholders on the benefits of SFM and encouraged the development of rules and regulations that are necessary to implement SFM. We opened an exhibition at the Skolkovo business school in Moscow dedicated to SFM and its potential in Russia. We also held a class for key stakeholders, including World Wildlife Fund (WWF) Russia, which focused on the benefits of adopting these practices. The class facilitated an active dialogue between federal and local authorities, responsible businesses, the scientific community, and other interested stakeholders.

○ What was your biggest challenge?

A key challenge in 2014 was influencing diverse stakeholders to engage in an SFM dialogue and regulatory process over which we have no control. We've worked to help encourage the Federal Forest Agency to actively lead the process of developing regulations and rules to guide SFM. And at the same time, we have installed SFM demonstration areas in the forests we manage, hosted a multi-stakeholder workshop, spoken at international conferences, and maintained an active partnership with WWF Russia. Our combined efforts in 2014 culminated in an SFM Roadmap, which provides a framework for action in 2015. Overall, engaging these diverse stakeholders has been the greatest challenge.

Forestry In Russia: PROGRESS AND CHALLENGES

According to the U.N. Food and Agriculture Organization, Russia has a fifth of the world's forests—more than any other country in the world. Russia has made progress over the years, but there is still opportunity to implement sustainable forest management (SFM), the globally recognized principles for managing forests. Over the last few years, International Paper has promoted the development of a new forest policy and associated rules to enable SFM in Russia.

Russia's forests are currently operating under a federal regulation called the Forest Code, enacted in 2007. The Code outlines in broad terms how the forests are to be used. It includes several specific rules that guide harvesting, reforestation, management, and forest protection. In late 2013, Russia enacted its first-ever National Forest Policy. The new policy contains the guidelines and direction for future development of Russia's forests and addresses the need to balance social, environmental, and economic interests.

In order for this new and progressive National Forest Policy to be put into action, a new set of rules will need to be developed to direct the policy's implementation. The local language refers to these as "normatives" or "norms" that must be developed for each region of Russia's diverse forest.

The Russian Federal Forest Agency is responsible for leading the development of these new norms. In 2014, we took part in high-level working group discussions with other businesses and organizations to promote the development of regional rules and regulations.

PROGRESS TOWARD OUR GLOBAL GOALS

Only 10% of all forests globally are third-party certified.

33.3%

total certified fiber globally*

**Remaining percentage from sources that meet IP's Global Responsible Fiber Procurement Policy.*

27.8%

increase in certified fiber volume over the 2010 baseline

23.4

million tons of certified fiber purchased globally in 2014

In 2014, we facilitated a forest management class to encourage ongoing dialogue between IP and other stakeholders in order to keep the initiative moving forward. The class was held within the forest on demonstration sites where SFM methods were used with side-by-side comparisons to other forest management practices.

While we saw progress in 2014, we'll continue to facilitate the adoption of sustainable forest management methods moving forward. Once adopted, these will allow for more efficient use of the forest resources, substantially increase yield, clarify delineation of conservation forests, and provide for greater recognition of social needs. The increase in timber yields will allow wood-using facilities to source wood closer to mills, reducing transportation costs and fuel use and improving utilization of forest resources.

“SFM is a system for intensive forest management that should provide sustainable, low-cost wood supply with good transportation accessibility and conservation of primary forests and sensitive areas. I took part in the workshop to better understand motivating factors that will encourage forest users to implement intensive forestry.”

— Alexander Mariev, Roslesinforg's Deputy General Director and leader of the working group on the implementation of the Federal Law 415-FZ



A participant in India's farm forestry program.



A 2014 demonstration in Russia showing the benefits of SFM.



Over 1.5 billion saplings have been planted as part of India's farm forestry program.

2014 FORESTRY HIGHLIGHTS

LATIN AMERICA

International Paper Latin America has established 1,960 acres in the state of São Paulo as a Private Reserve of Natural Heritage (RPPN), providing additional protection of the forests, river basin, and biodiversity in this area. The creation of RPPNs is vital to conservation, as it ensures that the land can only be used for scientific research, tourism, recreation, or education. Brazil has the second largest forest area in the world, yet according to the World Forest Institute it also has the world's highest rate of deforestation. International Paper is the first to set up a RPPN in this region, the fifth largest in the state.

INDIA

Since 1989, International Paper's predecessor in India has been at the forefront of farm forestry programs. IP-APPM's initiative has grown to nearly 535,000 acres and now provides a means of economic survival for many rural farmers and their communities. As of the end of 2014, nearly 1.5 billion saplings have been planted. Currently, the program focuses on providing subsidized seedlings and technical assistance, which results in enhanced productivity and profitability for farmers. The program also seeks to involve women in many activities, from raising seedlings and propagating rooted cuttings to planting.

NORTH AMERICA

The Forestland Stewards Initiative, International Paper's five-year partnership with the National Fish and Wildlife Foundation (NFWF), aims to conserve and restore southern forestlands, strengthen important fish and wildlife populations, and protect watersheds while promoting and supporting working forests in eight states across the southeastern United States. International Paper committed \$7.5 million to the Initiative and we expect to secure an additional \$22.5 million in matching funds from federal, state, and private organizations during the five-year initiative.



Ensuring Safety through Leadership

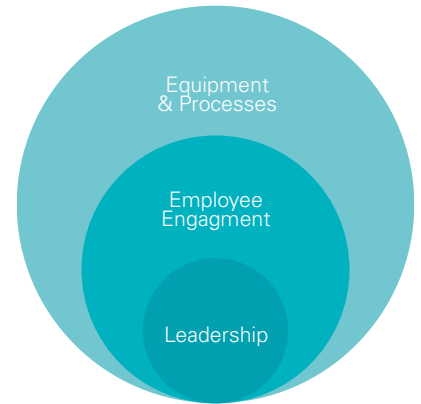
Safety is a core value, and International Paper's highest priority. While we won't be satisfied until we reach our goal of having an injury-free workplace, we are proud to report that in 2014, we saw a 39 percent reduction in serious injuries over the previous year.





General Manager of IP-Sun JV Bernard Li, IP-Asia President Cecilia Ho, and Finished Product Supervisor Zhujun Ma.

LIFE model



Our safety improvements can be largely attributed to the implementation of our Life-Changing Injury and Fatality Elimination (LIFE) program, which aims to create a safe work environment by ensuring that employees are trained and educated, that facilities and equipment are designed safely, that proper processes are in place, and that equipment and tools used by employees meet the highest safety standards. Since the inception of the LIFE program, IP has reduced serious injuries by 68 percent (baseline adjusted for acquisitions).

In 2014, we expanded our efforts beyond education and equipment to focus on safety leadership. We worked with safety leadership experts to develop a training program aimed at providing safety training and certification for leaders. The Safety Leadership training program, which was piloted at U.S. facilities, serves to:

- establish standards for training and develop safety leadership and hazard recognition skills
- align with existing safety leadership efforts to minimize rework and leverage best practices that have been developed in many International Paper facilities
- customize training and development processes that integrate our vision and values, including the LIFE program, IP leadership model, and our existing HR systems
- establish the expectation that employees in leadership positions be certified in Safety Leadership

By year's end, we trained more than 1,200 employees at our U.S. mills. We also delivered an executive version of the training, which was used to train a number of senior leadership teams.

Additional highlights for the year included:

- publishing a Safety Leadership whitepaper that aligns with IP's leadership model and focusing LIFE Month in November on encouraging all IP employees to become Safety Leaders
- integrating the Safety Leadership program content into other communication efforts

We are pleased with our progress but know we have room to improve. Although we have seen a large reduction in the number of significant injuries, the number of fatalities has not declined. In order to meet our objectives, we must eliminate fatalities and will continue our efforts toward ensuring that equipment is safe, that we are consistently and effectively educating employees, and that leaders at all levels receive IP Safety Leadership training in 2015 and beyond.

PROGRESS TOWARD OUR GLOBAL GOALS

LIFE: a fatality, amputation, or other serious life-changing incident

*Baseline adjusted for acquisitions

68%

reduction in employee LIFE incidents over 2010*

92%

of global locations did not have a LIFE incident

28

total incidents in 2014

Safety Leadership Training

Feedback from IP Senior Leadership



St. Petersburg, Russia

"The Safety Leadership training is helping to reinforce our belief that safety is the foundation for our business success. We have made a commitment as leaders of IP to become an injury-free workplace, but it will take a collective effort from every employee, across the globe. Nothing we do is as important as keeping all employees safe each and every day, and our role as safety leaders is critical to meeting this commitment"

— Pat Wilczynski, VP, Manufacturing EMEA



São Paulo, Brazil

"This training will help us reduce LIFE incidents by reinforcing the tools and processes we need to create a sustained culture of safety. Our focus has to be on keeping our employees, contractors, and visitors in our facilities safe, and this training has set us in the right direction."

— Marcio Bertoldo, Manufacturing Director, Brazil



Hyderabad, India

"Ensuring leaders are well trained and educated on safety is vitally important. Our leaders must be strong, informed champions for safety in order to create a culture that enables the achievement of zero incidents."

— Rampraveen Swaminathan, VP and President, IP-India



Memphis, USA

"Each and every member of the International Paper family has a common safety goal: lowering and eliminating risks. This requires a behavior-based commitment that says, 'I can and will make a difference today!' This training helped by supplying new ways to have conversations about jobs we do every day, on every shift. Engaging our employees in discussions about routine tasks gives us an opportunity to highlight safe practices and support our teams in working safely."

— Mike Amick, SVP, N.A. Papers & Pulp and Consumer Packaging



Brussels, Belgium

"The leadership training we just went through is unique because it takes a very natural approach to safety through observations and engaging employees in conversations about their work. Safety shouldn't just be a component of a task; it should be the overriding, undeniable priority. It's the single most important thing we do each day, and this leadership training is critical to our continued improvement."

— Eric Chartrain, VP, European Papers

Engaging

OUR MANY STAKEHOLDERS



International Paper's booth at the 2014 Pack Expo and Pharma Expo.

We believe it's important to actively engage diverse groups of people including employees, customers, subject matter experts, nonprofit organizations, governments, and members of the community. It's this type of dialogue that allows us to continuously improve as a business, environmental steward, and member of the community.

In order to understand what issues are most important to our stakeholders, we conduct surveys both internally and externally. Feedback from the surveys then informs our decisions and future engagement with our stakeholders. As part of this process, we've learned that issues related to the environment and our products consistently rank highest among external stakeholders. One of the things we did in 2014 was engage customers to better understand their perceptions of the benefits of using corrugated packaging. Based on that feedback, we worked with researchers and subject matter experts to evaluate our products. These experts helped guide our direction and ultimately became spokespeople who began a dialogue focused on educating key stakeholders, customers, and consumers.



To help explain the sustainability value of corrugated packaging, International Paper engaged experts to provide credible information. In particular, we requested input from the World Wildlife Fund (WWF) about its perspective on responsible forest management and how fiber-based packaging can positively influence forest management. The result of this dialogue was a WWF and International Paper produced video that specifically addresses the fact that avoiding fiber-based packaging doesn't necessarily save trees, as long as the wood fiber used to make the packaging comes from credibly certified, responsibly managed forests.

Unfortunately, many myths still exist in the marketplace regarding packaging sustainability and food safety. For example, according to the U.S. Environmental Protection Agency, corrugated packaging has the highest recovery rate of any packaging material. Despite this fact, manufacturers of competing materials continue to spread misinformation about corrugated packaging. In particular, they claim that most corrugated boxes are not recycled

but instead go to landfills. The truth is, the recovery rate for corrugated containers continues to climb and reached 91 percent in 2012. As a result of paper-based recycling efforts, plastics are now the largest waste material in landfills according to the U.S. EPA.

In addition to false sustainability claims, there are claims that plastic products are safer for food packaging than corrugated boxes. However, three independent, third-party studies, in three different regions identified unacceptable levels of contamination in plastic containers while all corrugated containers tested met acceptable sanitation standards. As a result, food safety researchers and experts are now meeting with retailers all over the U.S. and Canada about the advantages of single-use corrugated boxes for food packaging.

Through these stakeholder engagement efforts, we are able to improve and demonstrate the sustainability of our products and drive value for International Paper and our industry.



CEO Mark Sutton accepting the ICCF Conservation Leader in Business award in March 2015.

It's this dialogue that allows us to continuously improve as a business, environmental steward, and member of the community:



ENGAGING OTHER STAKEHOLDERS AROUND THE WORLD IN 2014

COMMUNITIES

Currently, Brazil is experiencing the worst drought in 150 years. Through the Guardians of Water program, IP Brazil worked in two cities with local schools to educate students and raise awareness about the rational use of water, and to encourage environmental conservation activities. These education efforts allow students to serve as multiplier agents for rational water use. They bring these messages home to their families, providing the knowledge needed to implement water-saving tactics and change their behaviors at home, which, in turn, benefits the community.

CUSTOMERS

During International Paper's Customer Appreciation Week, our business divisions focus on giving back to our customers. This year, our North American Papers and Pulp's Converting & Specialty team reached out to their customers to thank them, provide service updates, and gain a better understanding of customer operations and requirements. In total, they visited more than 25 customers in person and contacted numerous others throughout the week. It is important to keep an open dialogue with our customers and to address any needs or requests they may have regarding sustainability or environmental concerns.

GOVERNMENT

In 2014, International Paper partnered with the International Conservation Caucus Foundation (ICCF) to host a Forest Products Industry Day on Capitol Hill. The first of its kind for the industry, the event focused on educating policy makers and their staff on the sustainability, efficiency, and responsibility of the forest products industry. The event included panel discussions on domestic and international manufacturing issues in the forest products industry as well as the opportunity to engage in informal conversations with U.S. representatives and congressional staff.

REDUCING GHG EMISSIONS IN AUGUSTA

THROUGH ENERGY EFFICIENCY

International Paper is a leader in improving energy efficiency at its manufacturing facilities. Our record of sustained investment and results speaks to this. As a global manufacturing company, we monitor our energy use and greenhouse gas (GHG) emissions and find ways to reduce our environmental footprint through improved operation, processes and equipment where possible. We have combined the creativity and resourcefulness of our employees to invest capital to reduce our cost and footprint.

In 2014, in the latest in a series of efforts at our coated paperboard mill in Augusta, Georgia, the IP Technology team members and other personnel performed an energy audit which led to the implementation of the Evaporator Cooling Water (ECW)/Hot Water Optimization project. One area of the mill was consuming a large amount of steam in the winter due to the outside temperature, while another was operating a cooling tower to get rid of excess heat. The solution was a project to integrate the energy use and waste heat in the different areas and optimize energy use at the mill.

This project allows the mill to reuse heat captured in water after it is used to cool plant equipment. The conserved heat is used to generate more hot water needed elsewhere in the plant. The optimized system is one of a number of IP mill energy systems that complement each other to help recover energy in the form of heat. Recovering wasted heat reduces the amount of steam that is required to produce the same amount of pulp and paper. This steam reduction results in less fuel used by the plant's boilers, which, in turn, reduces energy usage and GHG emissions.

AUGUSTA PROJECT RESULTS

22,450
tonnes

reduction in CO₂e
emissions per year

2%

reduction in the plant's
total steam production

3.7%

reduction in energy use
over 2010 baseline year



Vince Goodwin conducting an equipment care inspection route at IP's coated paperboard mill in Augusta, GA.

2014 NORTH AMERICA GREENHOUSE GAS HIGHLIGHTS

North American Papers and Pulp

EASTOVER, SOUTH CAROLINA

With the nearest natural gas pipeline 25 miles away, the Eastover mill was historically constrained to burning expensive, high-carbon fuel oil. In 2014, the mill implemented a plan to switch to a cleaner fuel, natural gas, in order to eliminate the use of fuel oil in its #2 lime kiln. The mill opted for truck delivery of compressed natural gas (CNG)—the same fuel used in natural-gas-fired vehicles—which, by year's end, had displaced nearly all of the fuel oil and reduced #2 lime kiln GHG emissions by 30 percent.

FRANKLIN, VIRGINIA

When the Franklin mill was restarted in 2012, it used only the most efficient elements of what was once a much larger facility. In 2014, the promise of the reborn mill was further realized as the team applied their creativity and a structured improvement process, called Manufacturing Excellence, to identify projects that have optimized energy use. Their efforts yielded 30 percent reduction in gas use and 30,000 ton reduction in fossil fuel GHG emissions. Additionally, the Franklin Power and Recovery team was able to support all of the mill's steam requirements by burning only biomass residuals instead of gas for nearly half the summer.

Industrial Packaging

ORANGE, TEXAS

The Orange containerboard mill was acquired in 2012, and since then we've been able to utilize best practices learned from other IP facilities to run the Orange mill more efficiently. Bark boiler combustion upgrades were completed in 2014, including more efficient burners, a new bark distribution fan, and a revamp of the boiler fuel and air controls, all of which allow the boiler to burn bark more efficiently. The upgrades resulted in a reduction of 35,000 tons of GHGs due to decreased natural gas consumption.

ROME, GEORGIA

At the Rome containerboard mill, the team focused on utilizing best practices in efficiently burning biomass residuals. The Rome mill's Recovery Boiler #5 air system project included upgrades to the system which improved the boiler's efficiency, reduced chemical losses and fossil fuel consumption, and increased the amount of steam generated by biomass fuel, further reducing steam requirements from coal combustion. This project is anticipated to decrease GHG emissions by 23,000 tons per year.

BOGALUSA, LOUISIANA

International Paper's energy audit program has been key in driving continuous improvements in energy efficiency. At the Bogalusa containerboard mill, the energy team recommended equipment upgrades that included a new slaker and filter for the lime system. These upgrades, accomplished by the mill's engineering and operating teams, are reducing energy and other operating costs while improving reliability. Natural gas usage in the kiln has been reduced by 30 percent—which amounts to about 20,000 tons of greenhouse gases per year.

**PROGRESS
TOWARD
OUR GLOBAL
GOALS**

6.1%
improvement in
energy efficiency

18%
reduction in air emissions
(NO_x, SO_x, and PM)

8.3%
decrease in GHG emissions

*Supporting an
ethical network
of vendors*

INDIA



Q&A

**Padmaraj
Venkatappa**

*Compliance Manager,
Hyderabad, India*

- **In 2014, IP India implemented the Supplier Code of Conduct. Why was it important for IP India to lead this effort?**

Supplier Code of Conduct (SCOC) is a way for International Paper to clearly communicate our expectations to our vendors regarding how they do business, following the same ethical practices that IP is recognized for globally. Third-party relationships have risks, mainly because control over their activities is limited. By establishing common objectives and business practices, we are able to achieve sustainability in our business relationships and contain the risk for our organization.

○ **What positive impacts did you see as a result of your efforts?**

We were able to not only enhance the reputation of IP in the market but also provide our vendors with tools to ensure they're doing business in an ethical way. We were able to communicate that the IP Way is the way that we do business—no compromises. Since nearly all of our vendors have accepted the SCOC, we feel that we are aligned on our ethical principles and are confident about our ability to manage those relationships effectively. Vendors are now more forthcoming with their challenges and look to us for guidance when they are dealing with compliance issues. Risk of fraud, kick-backs, bribes, and other unethical practices is significantly reduced.

○ **What was one of the biggest challenges to implementing the SCOC in India?**

Many of our suppliers had operated for years without monitoring or governance from their customers, so this was all completely new to them. Some vendors saw the SCOC as a threat and were highly concerned that it would lead to termination of their contract. But through education and engagement efforts, we were able to show them that the SCOC was a positive initiative for both International Paper and their business.

○ **Where would you like to be in one year or five years from now?**

Globally, IP is recognized as one of the most ethical companies in the world and although we are newer to the country, we are committed to solidifying that reputation in India as well. We'd also like to be a business partner of choice for our vendors. The SCOC is a great initiative to help us achieve these objectives.



Our expectation

IS THAT ALL VENDORS WILL
ABIDE BY THE SUPPLIER
CODE OF CONDUCT

Ethics and Compliance in India: **PROGRESS AND CHALLENGES**

In 2014, International Paper's India team led the way in expanding ethics and compliance in our supply chain. Their effort brings us significantly closer to achieving our goal of assuring our business partners around the world share our corporate values and our commitment to conducting business in a legal and ethical manner.

We launched our SCOC in late 2012 and spent more than a year training U.S. employees, bringing U.S. suppliers into the program, and engaging IP's global teams in developing rollout plans for all of our other regions.

India ranks 84th in the world on Transparency International's Corruption Perception Index and is in the bottom 25 percent in World Bank Group's Ease of Doing Business Index; therefore, ensuring that both employees and vendors adhere to ethical standards is vital.

IP India has successfully implemented IP's Code of Conduct among its 4,500 employees and established the IP Helpline to raise concerns about violations of laws or IP policies in that region. They've also rolled out IP's Conflict of Interest Policy, Gift Policy, Foreign Corrupt Practices Act training, and antitrust training.

Eager to continue the momentum, IP India's compliance team and procurement organization became early leaders in fully implementing a SCOC roll out plan.



The Mini Code of Conduct, a best practice learned in Turkey, has been replicated worldwide.

The plan included:

- a risk assessment and ranking of IP India's suppliers
- a management-approved SCOC distribution plan
- detailed training for employees and suppliers
- clear communication of expectations

The risk assessment aimed to categorize suppliers according to their exposure to government agencies, other IP customers, or other suppliers who are critical to IP's business and then determine each vendor's risk of corruption or bribery. Vendors were also assessed for risk in terms of their type of business and volume of business with IP.

Team members distributed English, Hindi, and Telugu translations of our SCOC to all of our vendors, coupled with a cover letter that introduced our Supplier Code of Conduct and a Frequently Asked Questions.

Next, team members began integrating the SCOC into vendor contracts and conducted training, starting with high-risk suppliers. Vendors were required to sign acknowledgments agreeing to comply with the provisions of our SCOC and to require their suppliers to comply, thereby promoting compliance down the supply chain. With very limited exceptions, vendors who would not agree to comply were blocked from doing business with us.

The positive results from IP India's 2014 efforts proved the value of implementing the Supplier Code of Conduct across all vendors. Their success laid the foundation to expand implementation to other regions and eventually across all vendors worldwide, with the ultimate goal of supporting long-term, mutually beneficial relationships among IP, our suppliers, and stakeholders.

2014 ETHICS AND COMPLIANCE HIGHLIGHTS

CHINA

IP Asia has been instrumental in aligning the IP - Sun joint venture (JV) with IP's ethics and compliance standards by training the JV employees in the IP Code of Conduct. In 2014, the team helped the JV revise their existing code to ensure consistency with IP standards. IP Asia also assisted the JV in rolling out the SCOC to the JV's sourcing team. Ultimately, the JV distributed our SCOC to approximately 400 of their suppliers and incorporated a SCOC clause into their new and renewal supply contracts.

TURKEY

When International Paper became majority shareholder of Olmuksan IP in Turkey, we did not simply bring a high-quality packaging manufacturer into our company. We brought in a business with impressive ethics and compliance practices already in place. Some of their measures mirrored IP's. Some were even adopted by International Paper. One of our favorite best practices shared by Olmuksan IP is the pocket-size Code of Ethics that employees receive during ethics training. It is so easy to carry around and reference, we implemented this idea in our operations worldwide.

Giving Back is **IN OUR NATURE**

2014 Projects from Around the World: The following are just a few of the many projects around the world IP supports either through donations or employee volunteering efforts.

USA

Donating to Deserving Causes with the United Way

Nearly 75 International Paper facilities across the U.S. participated in this year's United Way campaign, rallying behind this year's theme, "IP Generosity: Giving Is in Your Hands." Donations from International Paper employees were collected during the annual campaign, which were matched by a generous 60 percent company donation. International Paper and its employees raised more than \$3.5 million in 2014 to support deserving agencies and causes in areas where our employees live and work.



China

Volunteering at a Local Hospital

Shanghai Fudan Children's Hospital celebrated Children's Day 2014 with the help of International Paper Asia volunteers who set up a containerboard castle and furniture for the children to play in and color. Brad Yu, Business Director, Uncoated Paper, IPAD, shared the importance of protecting the environment and encouraged them in their road to recovery. The IP Asia Industrial Packaging Design Center team also designed and created containerboard rocking horses for kids who were unable to attend.



India

Volunteering in Local Communities

In 2014, International Paper India employees volunteered at a new check dam construction site in Tantikonda Village located near the company's Rajamundry mill. Water from the check dam will help grow local Indian crops, which will benefit 60 farmers owning more than 30 acres of land. The IP India Foundation promotes farm forestry programs with an emphasis on conserving natural resources, creating a healthier environment, and helping to rebuild local farmlands.

Russia

Repairing Schools in Svetogorsk

In the summer of 2014, IP Russia employees volunteered their time to make repairs at local schools. Volunteers replaced windows, reconstructed staircases, purchased new furniture, replaced electrical lighting, and purchased kitchen equipment and new chairs for a school auditorium. In addition, IP employees helped renovate a classroom at Svetogorsk Technical College, which will now function as a new chemistry lab. These investments in the Svetogorsk community make it possible for the local students to excel in learning while also advancing IP's mission to create opportunities in their local community.



\$10 million

approximate amount donated in 2014 through foundation grants, business contributions, and in-kind donations

12,500 hours

volunteer time donated by 2,018 employees in 2014

Global

Providing Meals to Children in Need

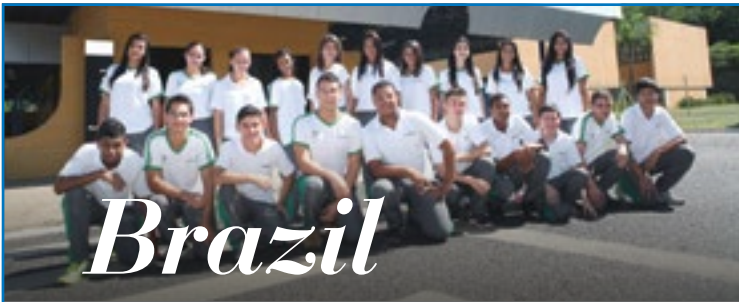
In 2004, International Paper launched Coins 4 Kids®, one of our signature giving programs. In 2014, International Paper themed its campaign, “A Decade of Dedication.” In conjunction with the World Food Program USA, Coins 4 Kids® helps provide in-school meals to some of the world’s most impoverished children in Nairobi, Kenya. Over the last 10 years, Coins 4 Kids® has raised more than \$8.5 million to provide meals to children in nearly 100 schools. With current enrollment, about 70,000 kids receive a nutritious meal every day.



Poland

Supporting our Community

International Paper’s Kwidzyn Mill Charity Foundation hosted its fifth annual Papermakers’ Run and IP Day in Poland to advocate active recreation and work-life balance. Employees, their families, and community members took part in a host of activities, including the mill’s recycling program, which has collected over 44,000 pounds of waste paper to date. During the event, the IP Kwidzyn Charity Foundation also held a fundraiser and organized a donor drive to recruit new bone marrow donors for those suffering from leukemia, lymphoma, and myeloma. The event attracted over 2,250 runners, over 100 IP Kwidzyn mill volunteers, and resulted in 121 new donor registrations.



Brazil

Empowering Low-Income Students

IP’s regional foundation in Brazil, promotes educational and professional development by empowering young students through the Formare School Project. Launched in 2010, the Project offers education for 11th grade students from low-income families. The program includes “Mire-se no Exemplo” (Follow the Example), a tutoring program lead by 50 IP volunteers. Upon completion, students receive a certificate recognized by Brazil’s Ministry of Education. In August 2014, the project was implemented in Tres Lagoas, Brazil, with 100 percent project participation from its local paper mills.


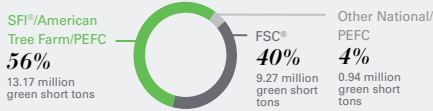

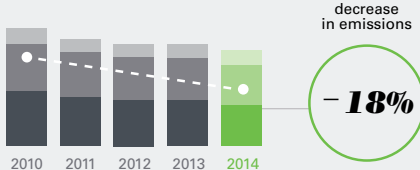

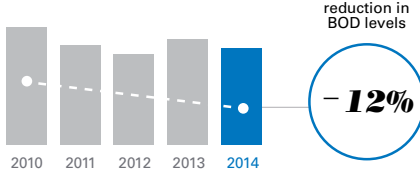



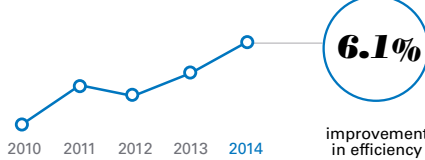


“International Paper takes great pride in being a responsible corporate citizen and supporting the communities where our employees live and work.”

— Deano Orr, Executive Director,
IP Foundation & Global Giving Programs

2020 Goals


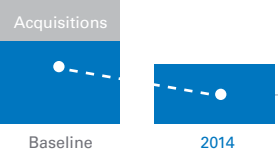
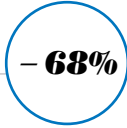









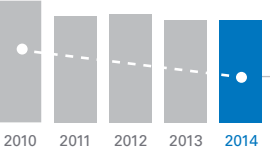

Transparency and accountability are important elements of our sustainability commitment. We measure and report progress on 12 voluntary sustainability goals to demonstrate this commitment and guide continuous improvement. All goals are based on a 2010 baseline.

Our Senior Leadership Team, our EHS&S Council, and our Sustainability Steering Team govern our voluntary goal process. These groups, with input from goal team leaders, goal champions and subject matter experts, can approve new targets.

SUSTAINABILITY AREA	2020 GOAL SET IN 2012	2014 ACCOMPLISHMENTS
FIBER CERTIFICATION 	35% global increase in third-party-certified fiber volume.	<p>Surpassed our original goal of 15%, with a 27.8% increase in certified fiber volume since 2010. 23.4 million tons of certified fiber were purchased.</p> 
AIR EMISSIONS 	10% reduction in pollutant emissions (SO ₂ , NO _x , PM) from aligning with our energy efficiency initiatives.	<p>18% reduction in pollutant emissions since 2010.</p> 
WATER QUALITY 	15% reduction in mill wastewater discharges of oxygen-depleting substances (BOD) to receiving streams.	<p>12% reduction in BOD levels since 2010.</p> 
SUPPLY CHAIN 	Establish processes promoting transparency, managing risk by monitoring, and identifying opportunities to collaborate with suppliers.	<p>Established baseline supply-chain performance.</p> <p>Implemented plans to improve.</p> 
ENERGY EFFICIENCY 	15% improvement in efficiency in purchased energy use.	<p>6.1% increase in efficiency since 2010.</p> 
COMMUNITY INVOLVEMENT 	Measure and report on our charitable support for environmental education, literacy, and health and human services in the communities where we operate.	<p>Donated approximately \$10 million dollars to charitable organizations in 2014. Global Giving Center of Excellence Team is exploring options for an electronic volunteer tracking system.</p> 

“We have set aggressive, high-impact sustainability goals and our work in achieving them takes the commitment of every employee in IP. Making continuous and deliberate improvement toward these goals is vital to our many stakeholders, to the communities where we operate, and to IP’s long-term success.”

— Tommy Joseph, SVP Manufacturing, Technology, EHS&S and Global Sourcing

SUSTAINABILITY AREA	2020 GOAL SET IN 2012	2014 ACCOMPLISHMENTS
SAFETY 	Injury-free workplace.	68% decrease in LIFE events since 2010. ¹ 1. Baseline has been adjusted for acquisitions  decrease in LIFE events 
FIBER EFFICIENCY 	Reduce fiber loss in the manufacturing process by achieving performance of less than 0.75% fiber loss.	Established global standards and data collection protocols. In the next two years, we intend to use our baseline data and rolling trend information to catalyze best practice sharing and capital investment to improve 4th quartile fiber efficiency performance. 
WATER USE 	Map water usage through our manufacturing locations by 2013; develop management system change objectives in 2015 to promote water use reduction in strategic watershed areas by 2020.	Mapped water use and risk by location, identified priority mills, and initiated management system changes to enhance reduction in water use. 
SOLID WASTE 	Reduce manufacturing waste to landfills 30%, and ultimately to zero.	17% reduction in manufacturing waste to landfills since 2010.  Total waste other beneficial use: 31% Total waste land applied: 19% Total waste landfilled: 43% Total waste burned: 7%
RECYCLING 	15% increase in the recovery of Old Corrugated Containers (OCC) by exploring new sources and diverting usable fiber from the landfill.	8.2% decrease in OCC Recovery since 2010. 
GHG EMISSIONS 	20% absolute reduction in global GHG emissions (Scope 1 and 2) associated with the production of our products.	8.3% reduction in absolute emissions since 2010.  reduction in absolute emissions 

IN OUR
nature

GLOBAL REPORTING INITIATIVE (GRI) REPORT 2014

ABOUT THIS PUBLICATION

We report against the Global Reporting Initiative (GRI) key performance indicators in the areas of economic, environmental, and social performance “In Accordance” with the G4 Sustainability Reporting Guidelines Core level. For ease of reference, the GRI Content Index is located on p. 63 at the back of this report.

This GRI Report is supplemented by our [2104 Sustainability Year in Review](#) publication, our [Annual Report](#), and additional sustainability information available at www.internationalpaper.com.

For questions or more information about this report, email sustainability@ipaper.com

Strategy and Analysis

G4-1 STATEMENT FROM THE MOST SENIOR DECISION-MAKER OF THE ORGANIZATION

See complete statement for IP's Chairman and CEO on page 2 of this report.

G4-2 DESCRIPTION OF KEY IMPACTS, RISKS AND OPPORTUNITIES

As part of managing our business, we regularly assess global mega-trends and the associated business risks and opportunities. This helps International Paper sustain its business, protect and conserve the environment, and support communities where we operate as well as the greater global community. Evaluation of these factors also guides our continuous performance improvement goals.

Fig. 1.1

KEY TRENDS	IMPACT ON IP'S BUSINESS
ENVIRONMENTAL AWARENESS	<ul style="list-style-type: none"> ○ Government environmental regulation ○ Products with lower environmental impact ○ Code of conduct and business ethics ○ Responsible procurement ○ Responsible investment policies ○ Changes in consumer patterns
RESOURCE AVAILABILITY	<ul style="list-style-type: none"> ○ Sustainable forestry and ongoing supply of wood fiber ○ Fiber supply ○ Water use and protection ○ Energy availability and its environmental impact ○ Loss of land to agriculture, urban development
HUMAN CAPITAL	<ul style="list-style-type: none"> ○ Workforce recruitment/retention ○ Social equity concerns ○ Employee health and wellness
PUBLIC POLICY CHANGES	<ul style="list-style-type: none"> ○ Climate-related legislation and regulation ○ Energy consumption, operational efficiency ○ Environmental management ○ Products with lower environmental impact

Organizational Profile

G4-3 NAME OF THE ORGANIZATION

International Paper Company

G4-4 PRIMARY BRANDS, PRODUCTS, AND/OR SERVICES

International Paper is a global leader in packaging and paper and our businesses include industrial and consumer packaging, uncoated papers, and market and fluff pulp.

INDUSTRIAL PACKAGING

International Paper is the world's leading manufacturer of containerboard and corrugated packaging. With fully aligned containerboard mills, box plants, and converting facilities, we've created a unique-to-the-industry platform that provides the consistent high-quality, best-in-class reliability and total cost solutions our customers need to meet their most challenging shipping, storage, and sales requirements. Our products include corrugated boxes, bulk packaging, retail displays, specialty packaging, and paper bags. Our target market segments include food and beverage, fresh fruits and vegetables, durables and nondurables, and shipping and distribution. International Paper is one of North America's largest recyclers, and recovers, processes, or facilitates the sale of more than 6 million tons of corrugated packaging and paper annually.

CONSUMER PACKAGING

International Paper produces top-quality coated and uncoated paperboard used in a wide variety of packaging and food service applications. End uses for our paperboard include packaging for food and beverages, pharmaceuticals, cosmetics, candy, tobacco products, and juice and milk cartons. International Paper's consumer packaging footprint includes facilities in North America, the EMEA region, and Asia. Under the consumer packaging umbrella, the International Paper foodservice business serves customers in segments such as quick-service restaurants, specialty coffee, grocery, hospitality, and distribution. Our hot cups, cold cups, food containers, and lids are manufactured in the United States, United Kingdom, China, and through a joint venture in Colombia.

PRINTING PAPERS

International Paper's global papers businesses manufacture just about every type of uncoated paper used in home offices, businesses and commercial printing operations. From large commercial printing presses to small home printers, people around the world rely on many of our signature paper brands: Accent® Opaque, Ballet®, Chamex®, Hammermill®, POL®, Rey®, and Svetocopy®. We are also a premier source for converting papers with an extensive portfolio of forms, filing and envelope papers, as well as other specialty uncoated papers for unique applications. International Paper also produces market and fluff pulp that is sold to other companies to produce a wide range of absorbent hygiene, paper, and tissue products used by millions of consumers every day. Our papers and pulp footprint includes facilities in North America, Brazil, the EMEA region, and India.

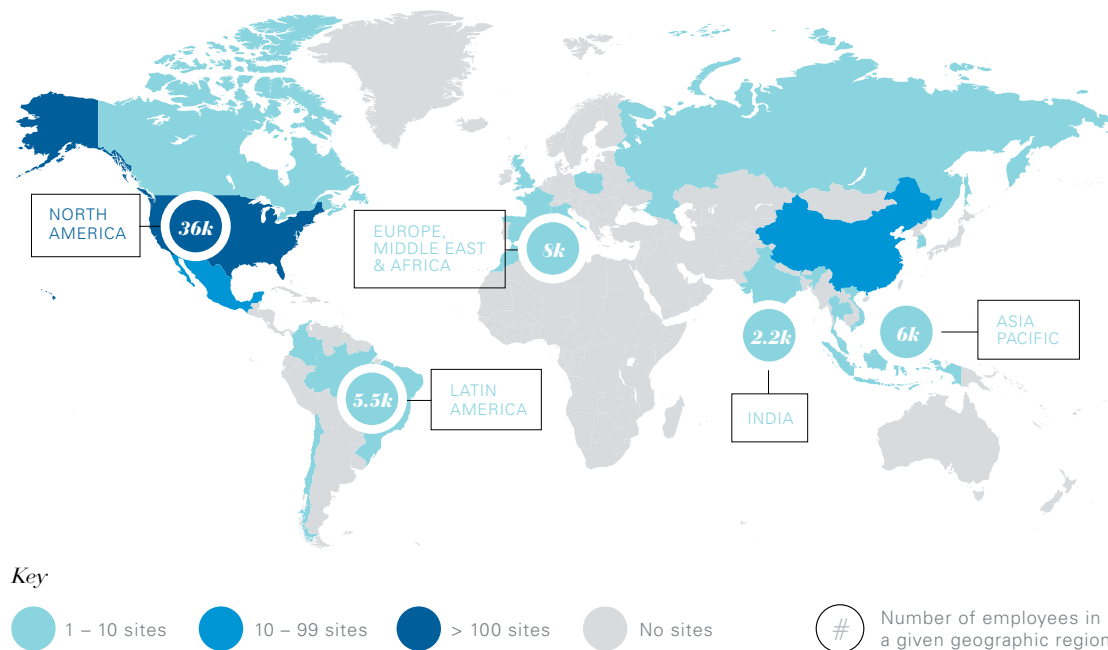
G4-5 LOCATION OF ORGANIZATION'S HEADQUARTERS

Memphis, TN, U.S.A.

G4-6 NUMBER OF COUNTRIES WHERE THE ORGANIZATION OPERATES AND NAMES OF COUNTRIES WITH EITHER MAJOR OPERATIONS OR THAT ARE SPECIFICALLY RELEVANT TO THE SUSTAINABILITY ISSUES COVERED IN THE REPORT

International Paper operates in over 24 different countries. We have manufacturing operations in North America, Latin America, the EMEA region (Europe, the Middle East, Africa, and Russia), and Asia.

Fig. 2.1



G4-7 NATURE OF OWNERSHIP AND LEGAL FORM

International Paper Company is a publicly traded company.

G4-8 MARKETS SERVED (INCLUDING GEOGRAPHIC BREAKDOWN, SECTORS SERVED, AND TYPES OF CUSTOMERS/ BENEFICIARIES)

Our major customers are in sectors such as banking, commercial printing, tissue and absorbent products, foodservice, consumer products, protein, industrial chemical, office products, book publishing, agriculture, distribution, and the recycling industry.

NORTH AMERICA

In North America, we are the premier manufacturer of containerboard and corrugated packaging products, uncoated freesheet papers, coated paperboard, and fluff pulp. We also deliver innovative single-use packaging to the foodservice industry and are a leading business-to-business distributor of packaging, print and facility supplies, and equipment. Our industrial packaging division includes a recycling business with facilities across the United States and Mexico.

LATIN AMERICA

From our regional headquarters in São Paulo, International Paper's Latin American reach extends around the globe. IP Brazil produces roughly one-third of the uncoated freesheet paper consumed in Latin America, and our market leading uncoated freesheet brand, Chamex®, is widely used in Brazilian homes and offices. IP Brazil also exports products to Europe and Asia. In 2014, International Paper completed its acquisition of a major Brazilian corrugated packaging company, Orsa, bringing our corrugated manufacturing expertise to this strategic market.

EMEA/RUSSIA

With regional headquarters in Brussels, International Paper manufactures and markets office and uncoated freesheet papers, pulp, corrugated packaging, containerboard, and both coated and uncoated paperboard for customers across Europe, the Middle East, and Africa. We are a leading supplier of high-quality cut-size papers and offer value-added packaging solutions, including folding boxboard for high-end packaging and food packaging, and corrugated packaging for segments such as fresh fruit and vegetables, food packaging, and specialized industrial applications. Since 2007, our presence in Russia has been strengthened through a joint venture with Ilim Holding. Known as Ilim Group, this is the largest foreign-domestic alliance in the Russian forest products sector.

ASIA/CHINA

Headquartered in Shanghai, International Paper's Asia operations include 25 manufacturing facilities in five Asian countries and we conduct business in most countries across the region. Our IP Asia businesses include industrial packaging, foodservice, uncoated freesheet papers, coated paperboard, and distribution. The coated paperboard business is a joint venture with Sun Paper, one of China's largest paper manufacturers.

INDIA

International Paper became the first non-Indian corporation to invest in the Indian paper industry when we acquired a 75 percent equity ownership in The Andhra Pradesh Paper Mills Limited (APPM) in 2011. International Paper India, headquartered in Hyderabad, operates two paper mills located in Andhra Pradesh—one in Rajahmundry and one in Kadiam—producing writing, printing, and copier paper for both domestic markets and export.

G4-9 SCALE OF THE REPORTING ORGANIZATION

All data is reported as of Dec. 31, 2014.

- Total number of employees: 58,000
- Total number of operations: 322
- Net sales: \$23,617 (in millions)
- Total capitalization broken down in terms of debt and equity: \$13,746 (in millions)
(\$8,631 in Long Term debt + \$5,115 in Total Shareholder Equity, in millions)
- Total assets: \$28,684 (in millions)
- Quantity of products or services provided: 23,308 (in thousands of short tons)

In the United States, in 2014, the company operated 25 pulp, paper, and packaging mills; 177 converting and packaging plants; 18 recycling plants; and three paper bag facilities. Production facilities in Europe, Asia, Africa, India, Latin America, and South America included 16 pulp, paper, and packaging mills, 69 converting and packaging plants, and two recycling plants. We operate a printing and packaging products distribution business principally through 12 branches in Asia. We also owned or managed approximately 334,000 acres of forestland in Brazil and had, through licenses and forest management agreements, harvesting rights on government-owned forestlands in Russia.

G4-10 WORKFORCE

International Paper's talented employee base comprises 58,000 engineering, manufacturing, sales, and business support professionals spanning five continents. Our global footprint includes employees that represent over 100 races, ethnicities, countries, and nationalities. In 2014, about 18 percent of our global workforce was female. See the breakdown of employees by region in Figure 2.1.

Our REACH (Recruit Engage Align College Hires) program in the U.S. is designed to help us attract college graduates from diverse backgrounds to join our company. Over the last three years, through the REACH program, International Paper hired more than 200 engineers in the U.S. In 2014, we hired 59 engineers through the program, 56 percent of whom were female or minority.

Workers who are legally recognized as self-employed or individuals other than employees or supervised workers do not perform a substantial portion of International Paper's work.

We do not experience significant seasonal variations in employment.

G4-11 PERCENTAGE OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

Approximately 40 percent of our U.S. employees are represented by unions.

We do not track numbers for employees covered by collective bargaining agreements outside of the U.S, but our employees are free to join unions if they are legally permitted to do so in their countries.

G4-12 ORGANIZATION'S SUPPLY CHAIN

With more than 100,000 vendors in our supply chain, and an estimated value of payments to suppliers of \$15 billion globally, our supply base is diverse and complex. We obtain products ranging from fiber, chemicals, fuel, electricity, and services such as transportation from our vast network to support our production of sustainable and renewal paper and packaging products.

About half of our suppliers are based in North America, but given the global nature of our operations, we also have suppliers in Europe, Latin America, Russia, Asia, and North Africa. The majority of International Paper's suppliers fall into one of these categories: contractors, distributors, and manufacturers.

International Paper's Global Sourcing approach ensures consistent compliance and risk management so we can secure quality products and services that create, deliver, and sustain value for our operations and customers.

In 2014, we continued to develop our Supply Chain Strategy and our work to roll out our [Supplier Code of Conduct](#) (SCOC). The code outlines the expectations regarding workplace standards and business practices of our suppliers, along with their parent entities, subsidiaries, affiliates, subcontractors, and others who are within their supply chain.

The code is focused on principles that uphold consistent compliance obligations throughout our global operations, including:

- Business Conduct & Ethics;
- Health, Safety & Environment;
- Workplace, Labor & Human Rights; and
- Accountability & Compliance.

By the end of 2014, the Supplier Code of Conduct was translated into 19 different languages and we completed our global roll out of the SCOC, notifying all our suppliers that we will hold them accountable to its standards. The package included a cover letter explaining that we have always expected them to conduct business in an ethical manner, a copy of the SCOC, a Frequently Asked Questions document, and a toll-free Helpline telephone number for each country. Further, we commenced updates of all procurement contract templates, as well as separate acknowledgement documents to obtain a written commitment of compliance with Supplier Code of Conduct from our suppliers globally. Obtaining such commitment is required when entering into any new or modified contract, and in many global regions, signing an acknowledgment document upon receipt of a copy of the SCOC is also required.

We also established a tracking and monitoring tool used globally to track suppliers who have refused to commit in writing to our SCOC so that we may follow up and make future business relationship decisions. For those who will not contractually commit to abide by our SCOC or their own code of conduct, we have a defined exception process, requiring senior management approval before IP will do business with such suppliers. Suppliers on this exception list will be revisited to gain commitment or determine next steps in that supplier relationship.

Training was commenced in most regions to explain to our employees and our suppliers the expectations under the SCOC. India was the first region outside of the U.S. to complete training of all its sourcing and supply chain employees as well as a majority of key suppliers. We ensure and monitor compliance with the SCOC by scheduling recurring training and relying on diligent processes, including the following:

- Formal sourcing agreements that include a supplier's commitment to the Supplier Code of Conduct;
- Supplier Risk Assessment Matrix screening that captures supply disruption, financial stability, alternative supply sources, and material substitution;
- Supplier Safety Performance reviews that confirm safety records for suppliers/contractors working on-site at International Paper facilities; and
- Fiber supplier audits and checks performed by three separate groups: International Paper's Global Sourcing Fiber Supply and EHS&S departments, and the international third-party auditor, Bureau Veritas.

In addition, in 2014 we developed a global risk-mapping process based on potential risk impact of suppliers' non-compliance with the principles of our SCOC. The Risk Map incorporated a review and ranking of potential risks related to the products, raw materials, and services we source in conjunction with the perceived corruption risk associated with the countries in which we operate based on Transparency International's Corruption Perception Index. This global risk heat map provided us with overall direction of our potential global risk focus areas. Based on that, we completed gap assessments and in the U.S., developed process maps for risk areas identified and commenced structuring process enhancements to monitor for additional social responsibility risks outlined in our SCOC.

These enhancements and others being developed are part of our five-phase approach to our Supply Chain Sustainability Program: Set Expectations, Identify Potential Risk, Review and Enhance Processes to Monitor Risk, Develop Response Protocols, and Manage Process for continuous improvement. We also assessed the results of a 2013 survey evaluating 24 key suppliers that represent almost 10 percent of our global spend. We decided that our best next step would be to enhance our process related to key suppliers who might pose business continuity or supply security risk.

G4-13 SIGNIFICANT CHANGES DURING THE REPORTING PERIOD REGARDING SIZE, STRUCTURE, OR OWNERSHIP

In April 2014, we completed our acquisition of the Brazilian corrugated packaging company, Orsa. In February of 2014, we completed the closure of our paper mill in Courtland, Alabama and in mid-2014, xpedx, our distribution business, merged with Unisource Worldwide Inc. to become an independent, publicly traded company called Veritiv.

G4-14 EXPLANATION OF WHETHER AND HOW THE PRECAUTIONARY APPROACH OR PRINCIPLE IS ADDRESSED BY THE ORGANIZATION

International Paper's approach to development is focused on prevention of negative outcomes. We incorporate social and environmental considerations into our everyday processes to ensure that we are delivering value over the long-term.

G4-15 EXTERNALLY DEVELOPED ECONOMIC, ENVIRONMENTAL, AND SOCIAL CHARTERS, PRINCIPLES, OR OTHER INITIATIVES TO WHICH THE ORGANIZATION SUBSCRIBES OR ENDORSES

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

Fig. 2.2

ENTITY OR INITIATIVE	PURPOSE/COMMITMENT
U.S. DEPARTMENT OF ENERGY (DOE) BETTER PLANTS PROGRAM	Commit to reduce energy intensity 25 percent over 10 years across our U.S. facilities
REPORTING ENTITIES SUCH AS CDP, DOW JONES SUSTAINABILITY INDEX	Track global GHG emissions as well as impact of our global forestry operations through CDP
THIRD PARTY FOREST CERTIFICATION STANDARDS INCLUDING FSC®, SFI®, AMERICAN TREE FARM, CERFLOR, PEFC	Subscribe to principles or standards including sustainable harvest levels and prompt reforestation, conservation of biodiversity, protection of water quality, and respect for indigenous peoples' rights
FORESTLAND STEWARDS INITIATIVE	A National Fish and Wildlife Foundation (NFWF) and International Paper created initiative that will conserve and restore 200,000 acres of forestland across the U.S. South

G4-16 MEMBERSHIPS IN ASSOCIATIONS (SUCH AS INDUSTRY ASSOCIATIONS) AND/OR NATIONAL/INTERNATIONAL ADVOCACY ORGANIZATIONS

International Paper considers membership and engagement with the following entities as strategically critical. Beyond membership, we have indicated at what level we participate in Fig. 2.3.

Fig. 2.3

ORGANIZATION	PARTICIPATION AT THE GOVERNANCE LEVEL	PARTICIPATION IN PROJECTS OR COMMITTEES
FOREST RESOURCE ASSOCIATIONS	•	•
AMERICAN FOREST AND PAPER ASSOCIATION	•	•
FOREST STEWARDSHIP COUNCIL® (FSC®)	•	•
BRAZILIAN FOREST CERTIFICATION PROGRAMME (CERFLOR)	•	•
WORLD BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT (WBCSD)		•
SUSTAINABLE FORESTRY INITIATIVE® (SFI)	•	•
BLUE GREEN ALLIANCE		•
BUSINESS ROUNDTABLE		•
INTERNATIONAL CONSERVATION CAUCUS FOUNDATION		•
CORPORATE ECO FORUM		•
TWO SIDES	•	•
INSTITUTE FOR FOREST BIOTECHNOLOGY (IFB)		•
NATIONAL COUNCIL FOR AIR & STREAM IMPROVEMENT (NCASI)	•	•
NATIONAL FISH & WILDLIFE FOUNDATION (NFWF)	•	•
U.S. STATE FORESTRY ASSOCIATIONS <small>*Includes membership and participation within multiple organizations, by U.S. state.</small>	•	•
THE CORPORATE ECO FORUM		•
WORLD WILDLIFE FUND-GLOBAL FOREST & TRADE NETWORK (GFTN)		•
WORLD ENVIRONMENT CENTER		•
PULP & PAPER SAFETY ASSOCIATION (PPSA)	•	•
U.S. STATE PULP & PAPER ASSOCIATIONS <small>*Includes membership and participation within multiple organizations, by U.S. state.</small>	•	•
NATIONAL ASSOCIATION OF MANUFACTURERS (NAM)		•
BRAZILIAN INDUSTRY OF TREES (IBÁ)	•	•
THE CONFEDERATION OF EUROPEAN PAPER INDUSTRIES (CEPI)	•	•
ASSOCIATION OF RUSSIAN PULP AND PAPER COMPANIES (BUMPROM)		•
INDIAN PAPER MANUFACTURERS ASSOCIATION		•

In addition to the organizations above, we also have developed relationships, partnerships or engage regularly with the entities below, and many others.

- China Green Foundation (*China*)
- Dogwood Alliance (*U.S.*)
- Institute for Forest Genetics and Tree Breeding (*India*)
- The Nature Conservancy (TNC) (*U.S.*)
- North Carolina State University (NCSU) (*U.S.*)
- Forest Research Institute (*Poland*)
- St. Petersburg State Forestry University (*Russia*)
- SweTree Technologies (*Sweden*)
- University of Minnesota (*U.S.*)
- Von Thuringen Institute (*Germany*)
- ORCHSE Strategies, LLC (*U.S.*)

G4-17 LIST ALL ENTITIES INCLUDED IN THE ORGANIZATION'S CONSOLIDATED FINANCIAL STATEMENT

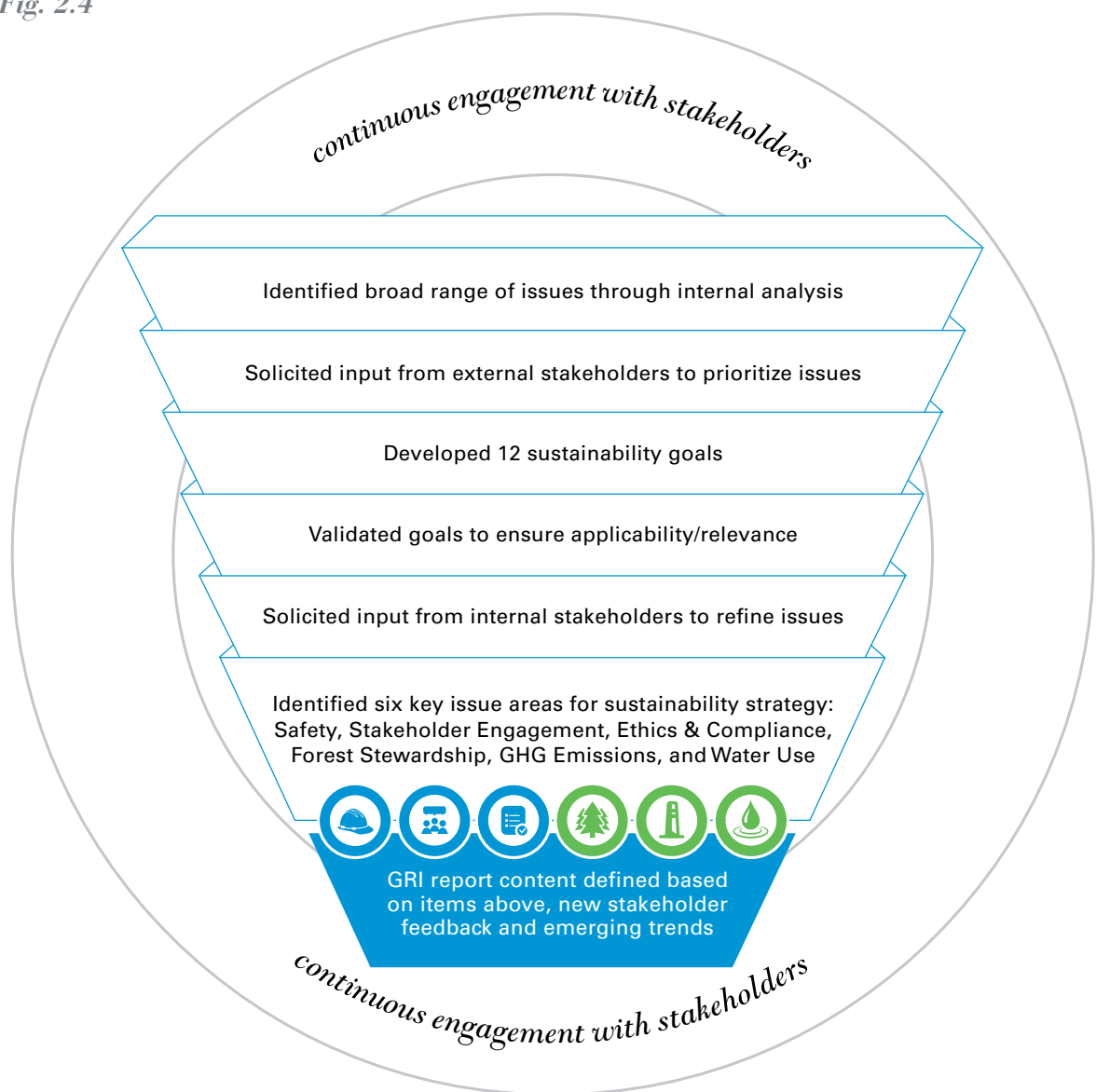
Data is included from all global operations, including International Paper Brazil, IP Asia, and Europe, the Middle East, and Africa (EMEA). For more information please see International Paper's 2014 [Annual Report on Form 10-K](#).

G4-18 PROCESS FOR DEFINING REPORT CONTENT AND THE ASPECT BOUNDARIES

International Paper follows the Global Reporting Initiative (GRI) framework to guide its Sustainability Report. Determining materiality includes consideration of sustainability matters such as economic, environmental, and social issues that affect the ability to create or erode value for stakeholders, now and in the future.

In recent years, especially as we developed our Sustainability Goals and Strategy and prepared for G4 reporting, we have used the process depicted in Fig 2.4 to define our sustainability report content and aspect boundaries. We will continue to refine this process and engage stakeholders on a regular basis to ensure we are capturing emerging trends and new priorities.

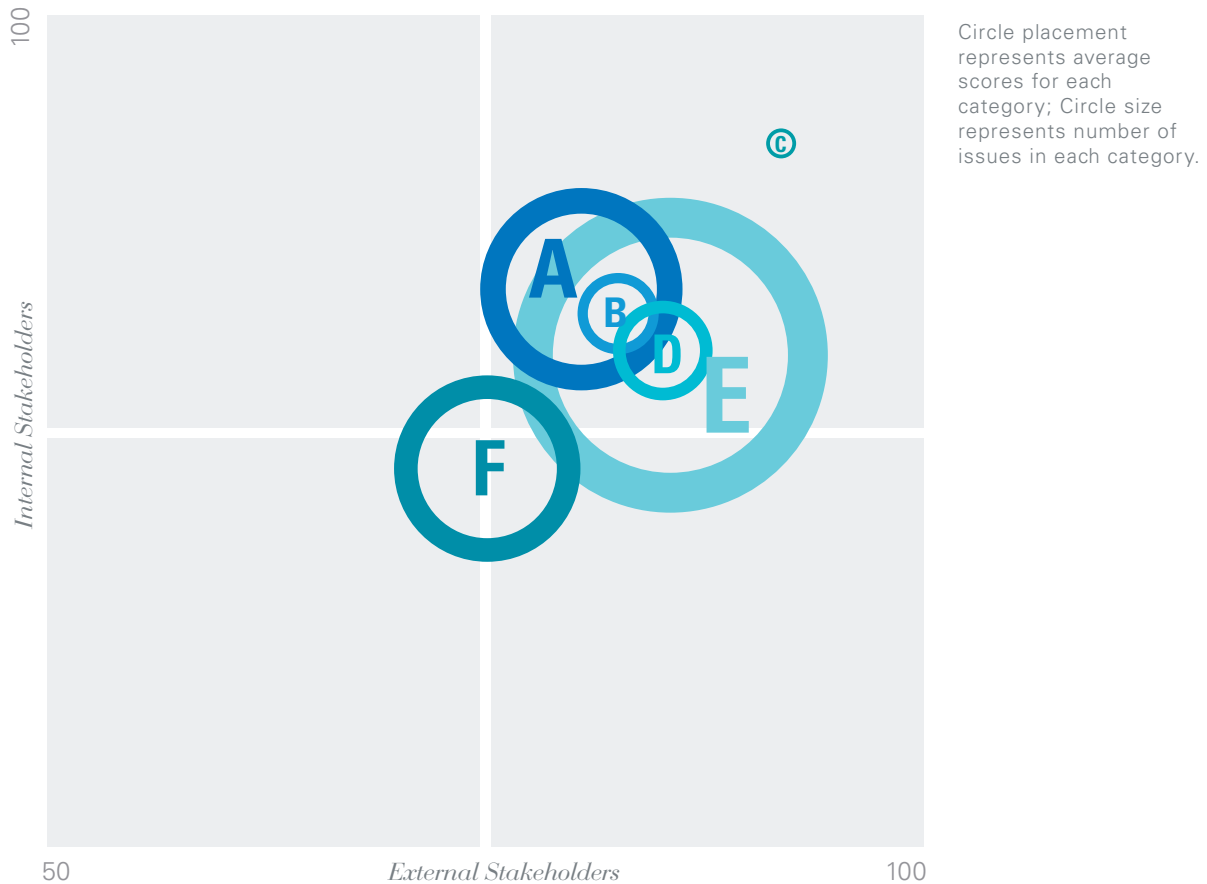
Fig. 2.4



In 2014, we again conducted a survey of our stakeholders and through more aggressive outreach, almost doubled the number of responses we received. If you were one of the stakeholders who participated in the survey, thank you. We sincerely appreciate your feedback. Below is a representation of the issues most important to internal and external stakeholders based on 2014 survey results.

Fig. 2.5

ISSUES OF PRIME SIGNIFICANCE



A *Workforce & Human Rights*
 Worker health & safety
 Human rights
 Employee engagement, training, attraction, and retention

B *Economic & Governance*
 Business ethics, anti-bribery, & corruption
 Transparency & disclosure

C *Regulatory Compliance*
 Compliance with social and environmental laws & maintaining strong legal license to operate

D *Product Related*
 Product safety
 Customer satisfaction
 Supply chain sustainability

E *Environmental*
 Fiber sourcing & certification
 Sustainable forestry
 Water use

F *Society & Community*
 Stakeholder engagement & partnerships
 Public safety
 Community development

In general, issues related to the environment such as fiber sourcing, sustainable forestry, and water use remain of high importance for stakeholders. In 2014, survey results also indicated that workforce and human rights, product-related issues such as supply chain sustainability and regulatory compliance are increasingly important to our stakeholders. As we adapt and refine our sustainability strategy, we will continue to ask for stakeholders' input and respond accordingly.

G4-19-21 MATERIAL ASPECTS AND BOUNDARIES

Based on our process for defining report content, we have deemed the aspects in Fig. 2.6 as material. International Paper considers Employees as the only group of internal stakeholders. All others—customers, suppliers, non-governmental organizations (NGOs), governments and regulators, media and thought leaders, and investors—are considered external stakeholders.

Fig. 2.6

ASPECT	RELEVANT TO INTERNAL STAKEHOLDERS	RELEVANT TO EXTERNAL STAKEHOLDERS
ECONOMIC PERFORMANCE	√	√ (suppliers, customers, investors)
ENERGY	√	√ (investors, academics, NGOs)
WATER	√	√ (communities, NGOs, investors)
EMISSIONS	√	√ (communities, NGOs, regulators)
EFFLUENTS AND WASTE	√	√ (communities, NGOs, regulators)
COMPLIANCE-ENVIRONMENTAL	√	√ (regulators, NGOs, communities, suppliers)
SUPPLIER ENVIRONMENTAL ASSESSMENT	√	√ (suppliers, NGOs)
OCCUPATIONAL HEALTH AND SAFETY	√	√ (NGOs, communities)
LOCAL COMMUNITIES	√	√ (NGOs, communities)
ANTI-CORRUPTION	√	√ (suppliers, government)
COMPLIANCE-SOCIETY	√	√ (government, NGOs)
COMPLIANCE-PRODUCT RESPONSIBILITY	√	√ (customers, investors)

G4-22 REPORT THE EFFECT OF ANY RESTATEMENTS OF INFORMATION PROVIDED IN PREVIOUS REPORTS

Any restatements of information are clearly identified as they arise in the body of the report; none have had a significant effect.

G4-23 REPORT SIGNIFICANT CHANGES FROM PREVIOUS REPORTING PERIOD IN THE SCOPE AND ASPECT BOUNDARIES

The Courtland mill ran until February of 2014; the partial year data are included in this report. xpedx data were removed from baseline and all subsequent year data.

G4-24 PROVIDE A LIST OF STAKEHOLDER GROUPS ENGAGED BY THE ORGANIZATION

Fig. 2.7

STAKEHOLDER GROUP	STAKEHOLDER IMPORTANCE	COMMON ENGAGEMENT CHANNEL
CUSTOMERS	Meeting customer requests and maintaining long-term contracts are crucial to our success. International Paper works with customers to meet sustainability objectives within our value chain. Subject matter experts regularly meet to discuss product and service innovation.	Meeting; Conversation; Inquiry Survey; Suggestion scheme Visit; Talk; Seminar; Workshop Publication; Website; Briefing; Survey
EMPLOYEES	Employees are our greatest asset and advocates. Their health, safety, and well-being are our highest priorities. We also invest significantly in employee training and development. We measure employee engagement with a formal survey every two years, and each team creates improvement plans based on employee feedback.	Meeting; Conversation; Inquiry Specific consultation; Committee; Panel Visit; Talk; Seminar; Workshop Publication; Website; Briefing Advisory service; Community program; Survey
GOVERNMENTS & REGULATORS	Global operations require sophisticated communication in order to comply with regulations and operate seamlessly. We educate policy makers on our commitment to sustainable forestry, third-party certification, reduced emissions through energy efficiency, responsible resource management, and efficient use of renewable biomass and recycling.	Meeting; Conversation; Inquiry Visit; Talk; Seminar; Workshop Publication; Website; Briefing
INVESTORS	Accountability to investors requires us to monitor both financial and non-financial performance. Communicating our performance to our investors strengthens our reputation.	Meeting; Conversation; Inquiry Visit; Talk; Seminar; Workshop Publication; Website; Briefing
LOCAL COMMUNITIES	The communities where we operate are valuable stakeholders, and we work hard to maintain strong relationships with the people who live in these communities and the entities that govern them. Our business is often a key contributor to the economic life of the community. Our Community Advisory Councils meet regularly and have open dialogue on a range of concerns and opportunities for us to improve.	Advisory service; Community program; Survey Publication; Website; Briefing Visit; Talk; Seminar; Workshop Specific consultation; Committee; Panel Meeting; Conversation; Inquiry
NON-GOVERNMENTAL ORGANIZATIONS (NGOs)	We work to establish trusting, long-term relationships with NGOs. Doing this provides a good opportunity to share information about our sustainable business model. It also builds advocates to help IP tell our story to a larger group of consumers.	Meeting; Conversation; Inquiry Specific consultation; Committee; Panel Visit; Talk; Seminar; Workshop Publication; Website; Briefing Advisory service; Community program; Survey
SUPPLIERS	Setting high standards for ethical practices by our suppliers enables us to deliver quality products to market. In 2014, we began training our suppliers outside of the U.S. on our standards and expectations so they can better understand sustainability and the role they play in achieving it with us.	Meeting; Conversation; Inquiry Specific consultation; Committee; Panel Visit; Talk; Seminar; Workshop Publication; Website; Briefing; Survey

G4-25 BASIS FOR IDENTIFICATION AND SELECTION OF STAKEHOLDERS WITH WHOM TO ENGAGE

Stakeholders are identified based on community engagement activities, key customers and suppliers of specific business units, investor relations' initiatives, and through specific processes to understand societal concerns.

G4-26 ORGANIZATION'S APPROACH TO STAKEHOLDER ENGAGEMENT (INCLUDING FREQUENCY BY TYPE AND STAKEHOLDER GROUP, AND ANY SPECIFIC TO REPORT PROCESS)

We believe it is important to frequently engage a variety of individuals and groups—including experts, employees, customers, non-profits, governments, and members of the community. That dialogue allows us to continuously improve as a business, environmental steward, and member of the community.

The table in G4-24 includes the reasons why we engage various stakeholders and the means for engaging them. We engage with these groups continuously throughout the year in different ways. In 2014, we sent a survey to all stakeholder groups with the exception of investors, to solicit their input on our GRI sustainability report.

We especially want to call attention to our employee engagement efforts. We want every employee to be actively involved in making our workplaces better. We understand the importance of listening to and supporting our employees so they can achieve their full potential. Our engagement mechanisms include:

- Annual global employee pulse survey
- Company-wide CEO communications and newsletters
- Employee-development programs
- Global webcasts
- Intranet sites focusing on engagement
- Team meetings, including on-site meetings at manufacturing facilities
- Monthly one-on-one meetings between supervisors and employees
- Annual senior lead team people review

G4-27 REPORT KEY TOPICS AND CONCERNS THAT HAVE BEEN RAISED THROUGH STAKEHOLDER ENGAGEMENT, AND HOW THE ORGANIZATION HAS RESPONDED TO THOSE KEY TOPICS AND CONCERNS, INCLUDING THROUGH ITS REPORTING.

Stakeholder engagement is an essential part of the International Paper's strategy. In the past year, we've heard from both our internal and external stakeholders about a number of issues of importance to them.

Related to natural resource use, we've received comments about the importance of sustainable forestry, fiber sourcing, and water availability. We agree these are critical issues both for the sustainability of our business and for the health of the ecosystems in which we work. In 2014, we participated in World Wildlife Fund's Global Forest and Trade Network to help address global forestry challenges and deforestation issues. In partnership with the National Fish and Wildlife Foundation, we are also working with landowners and NGOs to determine how best to conserve and restore forestland through our Forestland Stewards program. Through 2014, International Paper's investment provided a means to restore 9,200 acres of longleaf, shortleaf, and riparian forests and to conduct enhancement activities on an additional 98,370 acres of forests. And after reaching our initial benchmark, we have reset our fiber certification goal and continue to report on it regularly. We also have completed a water-risk mapping assessment of our operations and are working to develop water reduction plans for our operations in water-stressed regions. See our [corporate website](#) and the [Year in Review](#) report for more information on our work in these areas.

On social issues, we received comments on safety, diversity, and employee development as key issues for International Paper. Again, we recognize the significance of these issues for both our employees and the communities in which we operate. That is why we established the LIFE program and continue to work towards an injury-free workplace and report on our progress toward goals in that area. Our REACH program is helping us address issues of diversity and inclusiveness in our workplace. Fifty-six percent of the engineers hired through REACH are female or minority. The REACH program integrates a core curriculum into the work experience for new hires, providing access to industry experts who help them improve their skills and knowledge on processes and equipment. The success of our program has grown as a result of attracting and hiring more talented engineering graduates every year, and we will strive to continue to develop a more diverse and inclusive workplace. In addition to the REACH program, International Paper conducts diversity and inclusion training, and hosts Inclusion forums, mentoring boards, and team level courses.

Stakeholder and community engagement is one of our six core sustainability strategy areas; our Community Action Councils are outlets for us to stay engaged with our local “neighbors” and better understand the needs of the communities in which we operate. We welcome feedback about how International Paper can play a constructive role in the social and economic development of the regions in which we operate. See more information on these programs and stories from the field in our [Year in Review](#) report.

Report Profile

G4-28 REPORTING PERIOD (E.G., FISCAL/CALENDAR YEAR) FOR INFORMATION PROVIDED

Calendar year 2014.

G4-29 DATE OF MOST RECENT PREVIOUS REPORT

May 2014.

G4-30 REPORTING CYCLE (ANNUAL, BIENNIAL, ETC.)

Annual.

G4-31 CONTACT POINT FOR QUESTIONS REGARDING THE REPORT OR ITS CONTENTS

For questions or more information about this report, inquiries can be emailed to sustainability@ipaper.com.

G4-32 REPORT THE ‘IN ACCORDANCE’ OPTION THE ORGANIZATION HAS CHOSEN

In Accordance-Core. See GRI Content Index on p. 28 at the back of this report.

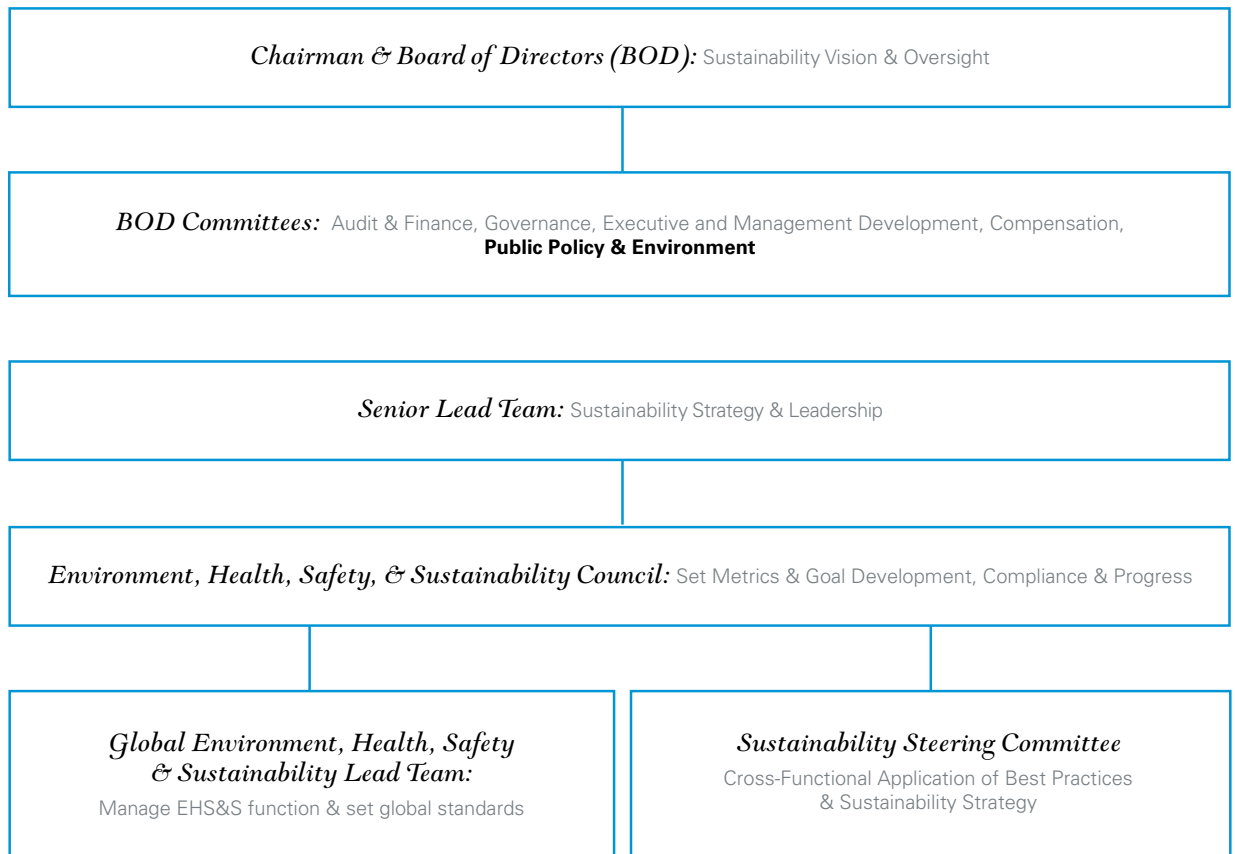
G4-33 ORGANIZATION’S POLICY AND CURRENT PRACTICE WITH REGARD TO SEEKING EXTERNAL ASSURANCE FOR THE REPORT

We do not provide external assurance for our Sustainability Report at this time.

G4-34 GOVERNANCE

Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental, and social impacts.

Fig. 3.1



International Paper's Board of Directors upholds our company mission and ensures effective organizational planning, focusing on strategy and risk management while monitoring strategic initiatives. The Board has adopted Corporate Governance Guidelines (restated in May, 2012), which state that effective corporate governance requires the Board to exercise oversight of the company's strategic, operational, financial, compliance, and legal risks. These guidelines are available at www.internationalpaper.com.

The Public Policy and Environment Committee of the Board of Directors, has overall responsibility for sustainability at International Paper. It reviews and assesses issues related to public policy, legal, health and safety, technology, the environment, and sustainability. The company's Governance Committee also has oversight of certain public policy and sustainability matters.

Primary responsibility for implementing our sustainability strategy lies with our senior leadership team, with separate councils overseeing diversity, environment, health, safety and sustainability, people, risk management, and strategy.

Designated staff at the corporate, business unit and facility levels help identify, prioritize and manage sustainability-related risks and opportunities. Business leaders are responsible for planning and managing business-specific sustainability issues.

Ethics and Integrity

G4-56 DESCRIBE THE ORGANIZATION’S VALUES, PRINCIPLES, STANDARDS AND NORMS OF BEHAVIOR SUCH AS CODES OF CONDUCT AND CODES OF ETHICS

Our business decisions are based on a governing structure that considers risks and attracts investments, driving value for shareholders and other valued stakeholders. Our vision, mission, and values, collectively known as “The IP Way,” reflect our commitment to ethical business operations. This entails complying with all laws and regulations that govern our industry and adhering to our [Code of Conduct](#).

Our Code of Business Ethics was revised in 2013 and renamed the Code of Conduct. The updated Code is written in clear, easy-to-understand language that reflects changes in laws and corporate policies. It includes on-the-job scenarios along with questions and answers to help guide employees through ethically challenging situations. We provide the Code to employees globally in 11 languages and it is available to our suppliers. Our Board of Directors, Chief Executive Officer, and all International Paper management are accountable for implementing the Code.

An extension of our internal Code of Conduct, our [Supplier Code of Conduct](#) outlines expectations for workplace standards and business practices for our suppliers, along with their parent entities, subsidiaries, affiliates, and subcontractors. Compliance with these expectations helps determine whether International Paper enters new or extends existing business relationships. Suppliers are responsible for ensuring that their employees, representatives, and subcontractors understand and comply with our Code. International Paper honors laws and treaties of the jurisdictions in which we operate. The Supplier Code of Conduct is available in 19 languages and we are in the process of training our suppliers globally to ensure they understand and comply with it. In addition, laws such as the United States Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act apply to our global operations, regardless of whether countries of operation recognize them.

International Paper provides training programs that address our company values, as well as compliance and ethics. We require all salaried employees to complete ethics training, and newly hired employees must complete courses within 90 days of their hire date. Employees must take refresher training every year. Our ethics courses target an employee’s specific job role and related business risks. Our courses focus on harassment and discrimination prevention, compliance with the Foreign Corrupt Practices Act and anti-competitive/price fixing issues, anti-corruption standards, fair labor practices, records management, and insider trading prevention, among other topics.

G4-57 REPORT THE INTERNAL AND EXTERNAL MECHANISMS FOR SEEKING ADVICE ON ETHICAL AND LAWFUL BEHAVIOR

We do not tolerate violations of our Code of Conduct, or illegal or unethical behavior. We require employees who become aware of such activity to report it, and we encourage others with similar information to do so as well.

Employees who need help or advice regarding ethical and lawful conduct are encouraged to start by discussing the issue with their supervisor, the person most familiar with their daily responsibilities. Employees are not required to seek advice from their supervisors. Employees can speak to other managers at their location, seek assistance from HR with regard to workplace issues, and call the Global Ethics and Compliance Office or the Legal department. Employees may also contact the International Paper HelpLine. To the extent permitted by law, the HelpLine offers a confidential and anonymous method of advice and reporting issues.

G4-58 REPORT THE INTERNAL AND EXTERNAL MECHANISMS FOR REPORTING CONCERNS ABOUT UNETHICAL OR UNLAWFUL BEHAVIOR, AND MATTERS RELATED TO ORGANIZATIONAL INTEGRITY, SUCH AS ESCALATION THROUGH LINE MANAGEMENT, WHISTLEBLOWING MECHANISMS OR HOTLINESESCALATION THROUGH

International Paper provides a confidential HelpLine for employees, contractors, and the general public to raise concerns related to potential violations of company policies or legal compliance. For employees, the HelpLine supplements existing reporting channels, including reporting to their manager or supervisor, their managers’ manager, Human Resources, Internal Audit, Corporate Security, the Legal department, and the Global Ethics and Compliance Office. There is no requirement that employees follow any particular chain of command. Where permitted by law, employees can report anonymously, by calling the HelpLine or submitting web report to the HelpLine.

Specific Standard Disclosures

Aspect: Economic Performance

G4-DMA DISCLOSURE ON MANAGEMENT APPROACH

For more information on our management approach on financial matters and progress on economic indicators, please see our [2014 Annual Report and Form 10-K](#).

G4-EC1 DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

Please view the [Form 10-K](#) for financial information.

Aspect: Energy

G4-DMA DISCLOSURE ON MANAGEMENT APPROACH

For over 10 years, we have been focused on improving our energy efficiency. With energy as a significant cost, it makes financial as well as environmental sense to reduce energy consumption. Energy efficiency is a focus area in International Paper's Sustainability strategy as well as one of the 12 voluntary sustainability goals. The goal is to improve energy efficiency by 15 percent by 2020, with a 2010 baseline. There is an energy audit team that regularly reviews facilities' practices and equipment and determines cost-effective projects that will improve energy efficiency. In 2014, we approved 42 energy projects, which will continue to drive down energy use.

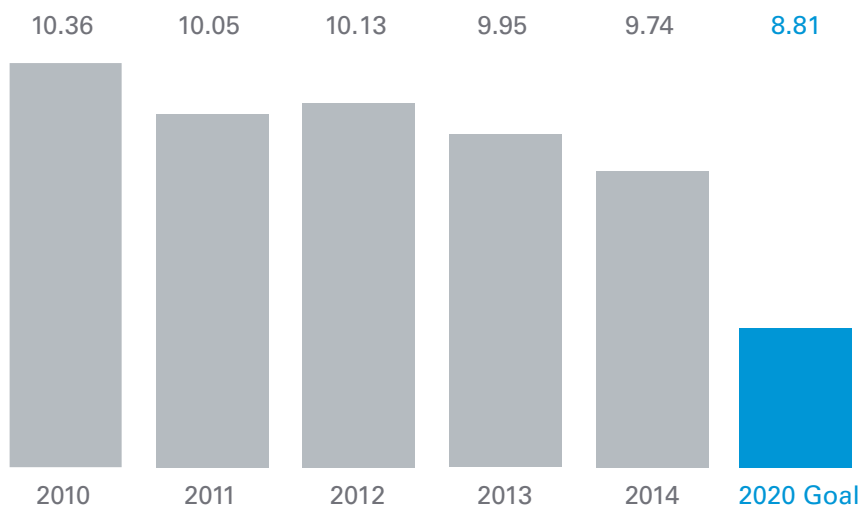
G4-EN5 ENERGY INTENSITY AND G4-EN6 REDUCTION OF ENERGY CONSUMPTION

During the past five years, we have invested \$424 million in energy efficiency and fuel diversity. To date, we have improved our energy efficiency by an equivalent of 14 trillion British Thermal Units (BTUs). This energy reduction is equal to 4,500 rail cars of coal or the energy to heat a Midwestern town of 125,000 people for a year.

Fig. 5.1

ENERGY EFFICIENCY

Million BTUs of purchased energy per metric short ton of production



*reduction in
energy use since
2010 baseline*

-6.1%

Purchased energy includes purchased fossil fuels such as natural gas, coal, fuel oil, tire-derived fuel, purchased wood residuals such as bark, purchased electricity and steam from utilities.

In order to calculate the energy efficiency in a non-biased way, International Paper uses the Department of Energy (DOE) method which utilizes efficiency numbers used by the DOE for purchased electricity and fuels.

In 2014, energy efficiency in our mills improved by 6.1 percent compared with our 2010 baseline. Eleven of our mills set monthly records for energy efficiency during 2014. We are steadily making progress toward our 2020 goal but will need to increase our efficiency further over the next six years to achieve our target.

Aspect: Water

G4-DMA DISCLOSURE ON MANAGEMENT APPROACH

Water is a primary input into our manufacturing process. In fact, we could not make our products without it. With a world population expected to increase from 7 billion people to 9 billion people by 2050 and the global demand for fresh water to exceed the current supply by 40 percent, reducing our water use and footprint is on the forefront of International Paper's sustainability strategy.

To this end, we set goals to map water usage at our manufacturing locations by 2013 and to develop site-specific plans by 2015 to reduce use in strategic watershed areas by 2020. In 2014, we completed our analysis of our water risk at each of our manufacturing sites using four factors: the World Resources Institute (WRI) risk mapping tool; perceived community and regional risk; manufacturing risk; and customer sensitivity. Based on the resulting composite score for each mill, we prioritized water reduction projects at our highest-risk mills. We are working on an overall water use reduction goal for the company but have not yet set that target. You can read about some of the highlights around water conservation and efficiency in the [2014 Year in Review](#) report.

G4-EN8 TOTAL WATER WITHDRAWAL BY SOURCE

Fig. 5.2

WATER USE INFLUENT & EFFLUENT
Cubic meters per metric ton of production

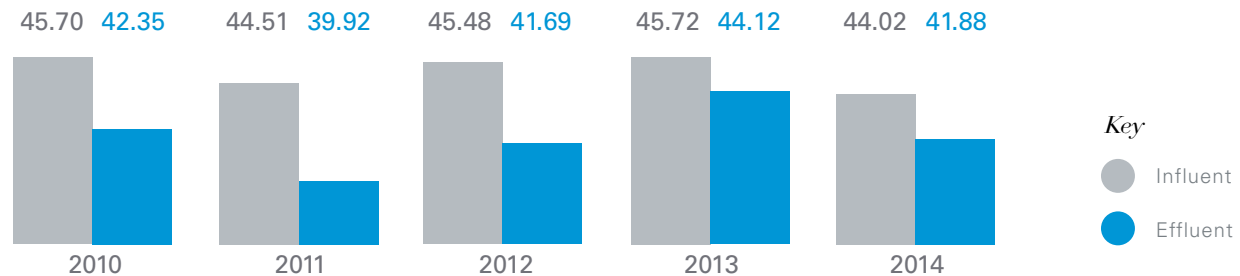


Fig. 5.3

2014 WATER WITHDRAWAL BY SOURCE



Aspect: Emissions

G4-DMA DISCLOSURE ON MANAGEMENT APPROACH

International Paper's manufacturing processes generate and consume large amounts of energy, resulting in atmospheric emissions, including greenhouse gases (GHGs). Improvements in energy efficiency reduce the amount of energy we use to create our products, resulting in the need for less fossil fuel consumption and fewer emissions. Therefore our progress in reducing air emissions is directly connected to our management of energy, and we have set voluntary goals for each of these areas.

Our goal for a 20 percent GHG emission reduction by 2020 was set as a combination of both Scope I and Scope II emissions. Emissions from burning fossil fuels are considered to be Scope I while emissions from purchased electricity, generated at off-site utilities are considered Scope II. Our Scope I emissions also include relatively modest and stable emissions from International Paper-owned and -operated landfills at our paper mills. Our reported emissions do not include carbon-neutral biogenic GHG emissions which amounted to 31.65 million metric tons in 2014.

We have achieved significant company-wide reductions in energy use and GHG emissions over the past decade. We continue to evaluate and select improvement projects from across our global operations. Several mills contributed to this progress by improving their energy efficiency, and their stories can be found in more detail in the energy efficiency section of our [Year in Review](#) report. We are also realizing the benefits of fuel switching by replacing fuel oil and coal with natural gas. While both coal and natural gas are fossil fuels, natural gas generates half the CO₂ of coal on a same-energy-content basis.

After we manufacture pulp or paper, the products are sold to our customers or converted by International Paper into a variety of other products. Rolls of white paper, for example, are sold to large printing firms, or cut to size at our locations or at the converting operations of our customers. Linerboard can be converted in International Paper container plants to make shipping containers or the linerboard can be sold to other converters. Across our company, International Paper has more than 250 converting locations.

Emissions from transporting to converters are considered Scope III emissions, and these are not included in our reported GHG emissions at this time. If the converter site is owned and operated by International Paper, the energy used to convert the paper into a product is considered part of International Paper's Scope I and Scope II emissions. Collectively, our 200 plus converting operations emit approximately 1.5 million metric tons of GHGs. Over time, emissions from our converting facilities have trended slightly downward, by approximately 4 percent since 2010.

Scope 1: In the United States we follow the requirements for the GHG MRR (Mandatory Reporting Rule) 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 U.S. sites follow the 2007 IPCC guidelines.

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

G4-EN15 DIRECT GREENHOUSE GAS EMISSIONS (SCOPE 1)

See Figure 5.4

G4-EN16 ENERGY INDIRECT GREENHOUSE GAS EMISSIONS (SCOPE 2)

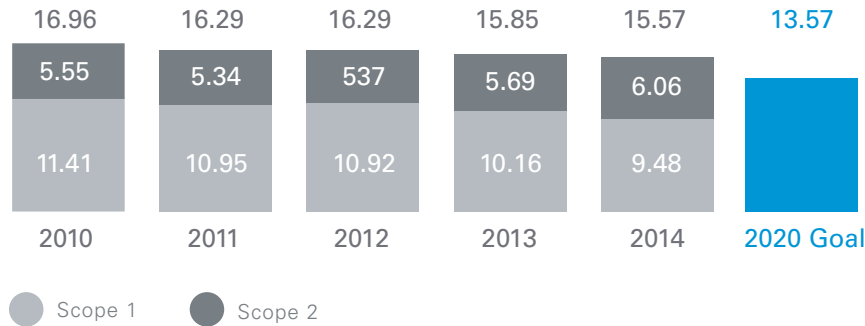
See Figure 5.4

G4-EN19 REDUCTION OF GREENHOUSE GAS EMISSIONS

On-site generation of GHGs has been trending downward, and continued in that direction in 2014, falling an additional 2 percent. Scope II emissions were up 9.2 percent from our 2010 baseline and 6.5 percent year-over-year. Total reduction of Scope I and II emissions from the baseline of 2010 was about 8.3 percent in 2014. We will need to continue to work hard to reduce our emissions over the coming years to achieve our 2020 target. We will continue to switch fuels to natural gas and maximize our biogenic fuel use.

Fig. 5.4

GREENHOUSE GAS EMISSIONS Million tons of CO₂e



*reduction in
CO₂e emissions since
2010 baseline*

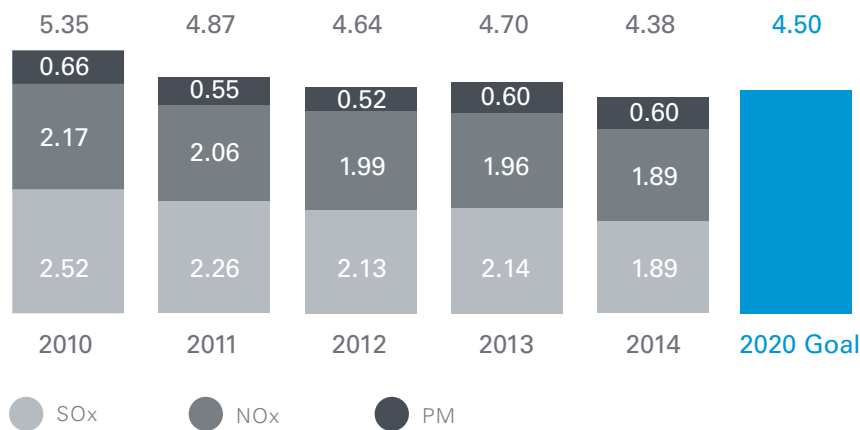


G4-EN21 NO_x, SO_x, AND OTHER SIGNIFICANT AIR EMISSIONS

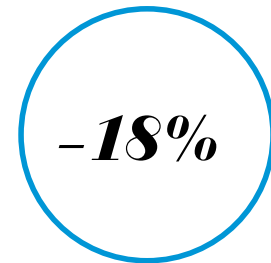
For the past four years fuel-switching, particularly away from coal and oil, resulted in significant reductions of our other air emissions. A 27 percent reduction in sulfur dioxide and a 15 percent reduction in nitrous oxides for an overall reduction of 18 percent from our 2010 baseline for the criteria pollutants helped us achieve our 2020 goal of a 10 percent reduction ahead of schedule. We believe our gains will continue as more fuel-switching, energy efficiency projects and regulatory changes are expected in the next six years.

Fig. 5.5

TOTAL SO_x, NO_x AND PM EMISSIONS Metric tons per 1,000 metric tons of production



*reduction in other
significant emissions
since 2010 baseline*



Aspect: Effluents and Waste

G4-DMA DISCLOSURE ON MANAGEMENT APPROACH

EFFLUENTS

Since we return the majority of the water we use to the environment, we have a role to play in protecting local waterways near our mills.

Biological Oxygen Demand (BOD) is used as a gauge of the effectiveness of wastewater treatment systems. Wastewater treatment operations at our integrated paper mills face unique challenges associated with both the scale of our operations and individual facility constraints. Our mill teams are focused on reducing process losses to our wastewater treatment systems, thereby reducing oxygen-depleting substances and further improving receiving water quality. Wastewater best practices are shared across our manufacturing sites.

SOLID WASTE

Effective waste management is important to fulfilling our goals for both world-class manufacturing and sustainability. In 2014 we established a voluntary sustainability goal of achieving a 30 percent reduction in manufacturing waste to landfill per ton of product by 2020 and ultimately to zero waste.

A 30 percent reduction by 2020 is seen as a “stretch” goal because the resources available to achieve the goal are limited, and because in some instances, the cost of beneficial use exceeds that of economical onsite landfill disposal.

Leadership is a key element in achieving our aspirational zero waste management goal. Some of our major converting sites have approached “near-zero” manufacturing waste to landfill rates by stressing efficiency and recycling wherever possible to minimize waste.

G4-EN22 TOTAL WATER DISCHARGE BY QUALITY AND DESTINATION

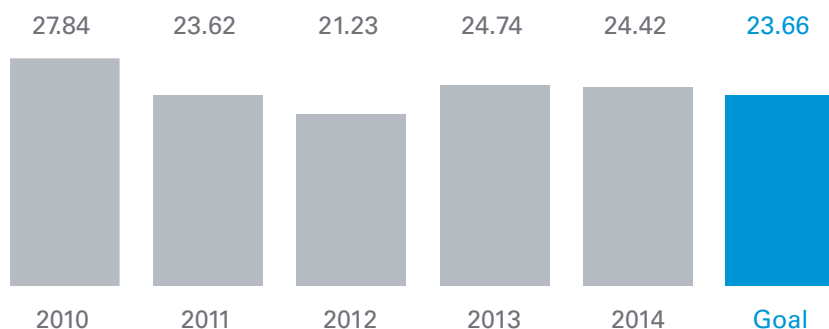
Our water quality goal is to achieve a 15 percent decrease in oxygen-depleting substances (BOD) to receiving waters by 2020 from our 2010 baseline. Because year-to-year variability, acute system and weather-related events can significantly affect our water discharges, we will closely monitor this number to ensure our progress can be sustained.

Fig. 5.6

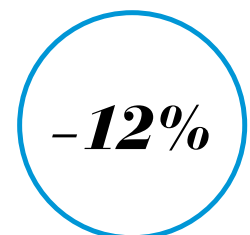
BOD TO PUBLICLY OWNED TREATMENT FACILITIES	BOD TO RECEIVING STREAMS	BOD TO OTHER
11,800,000 kg	24,420,000 kg	3,000 kg

Fig. 5.7

OXYGEN DEPLETING SUBSTANCES TO RECEIVING STREAMS
BOD in million Kg



reduction in BOD to receiving streams since 2010 baseline



G4-EN23 TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD

Fig. 5.8

TYPE OF WASTE	AMOUNT LANDFILLED	BURNED FOR ENERGY	LAND APPLICATION	OTHER BENEFICIAL USE
WASTEWATER RESIDUALS	312,075	132,834	172,040	164,700
ASH	251,343	—	70,591	315,282
RECAUSTICIZING WASTE	223,235	—	174,707	143,856
RECYCLE RESIDUALS	145,520	45,492	74,997	48,179
OTHER	251,395	20,344	19,680	195,859
TOTAL	1,183,568	198,669	512,015	867,877

Units in metric tons, reported by individual facilities

Fig. 5.9

2014 NON-HAZARDOUS SOLID WASTE BY DISPOSAL TYPE

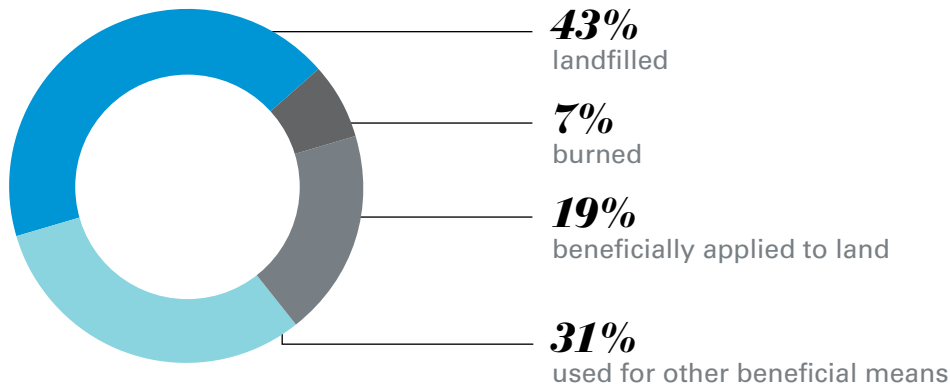
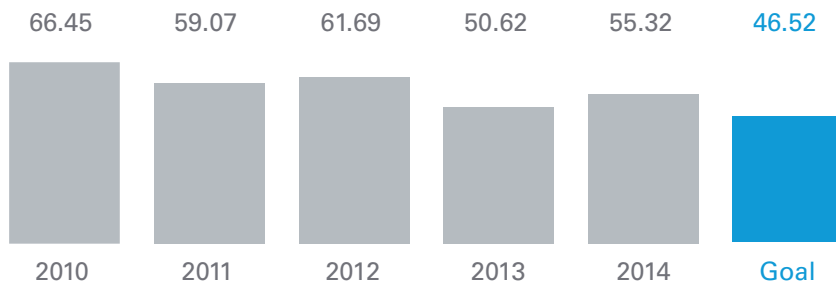


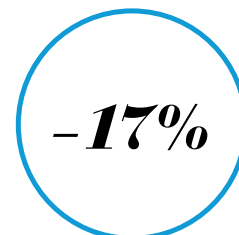
Fig. 5.10

SOLID WASTE LANDFILLED

Metric tons per 1,000 metric tons of production



reduction in solid waste landfilled since 2010 baseline



Aspect: Environmental Compliance

International Paper is committed to excellence in environmental, health, safety, and sustainability practices and performance, and continually works to wisely manage natural resources. Sustainable practices represent the foundation of our business, and we endeavor to minimize environment, health, and safety impacts during the design, manufacture, distribution, use, and at the end-of-life of our many products. This includes a commitment to the communities where we operate, work, and live to responsibly manage our forests, facilities, and related businesses.

International Paper seeks to do business with customers, suppliers, vendors, contractors, joint-venture partners, and other business associates who share our high standards of ethical business behavior. International Paper champions the innovative and ethical management of natural resources. We partner with suppliers of responsibly grown fiber and routinely certify our fiber supply chain to widely recognized standards. Our commitment extends past the forests to include manufacturing and supply chain excellence.

To fulfill these commitments globally, we hold our leaders responsible for the engagement of all employees to ensure:

- Compliance with all applicable laws and regulations;
- Implementation of this Policy, International Paper's global EHS&S management systems and performance standards; and
- Transparent reporting of our EHS&S metrics and progress against our commitments.

Continuously improving our environmental, health, safety and sustainability performance is a cornerstone of our future business success and fundamental to [The IP Way](#).

G4-EN29 MONETARY VALUE OF SIGNIFICANT FINES AND TOTAL NUMBER OF NON-MONETARY SANCTIONS FOR NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

There were no significant fines regarding environmental compliance in 2014.

Aspect: Occupational Health and Safety

The strongest connection we have in our company is with each other. With that connection comes our commitment to improving our environmental, health, safety, and sustainability performance. A core foundation of that commitment is the belief that we can operate and maintain an injury-free workplace for our employees, contractors, and visitors.

While safety is about people, a key metric we use to measure our safety performance is Total Incident Rate or TIR. In 2009, International Paper achieved a 1.0 TIR (incidents per 200,000 hours worked). Since then we have lowered injury rates, achieving a .86 TIR in 2014. We expect a continuing downward trend for our TIR as we fully integrate newly acquired facilities into our safety-first culture.

Despite declining TIR, serious injuries continue to affect our employees and contractors. To achieve significant changes in our safety performance, we launched the Life-changing Injury and Fatality Elimination (LIFE) program in 2010. Now in its fifth year, the program focuses on eliminating fatalities and serious injuries.

We define a LIFE incident as a fatality or a serious injury such as a concussion, fracture, burn, or amputation. Our LIFE initiative involves the evaluation and elimination of hazards. Project teams utilize our company's manufacturing excellence tools, communications efforts, LIFE case investigations, employee engagement, training, and education to improve workplace safety. LIFE is designed to make everyone in the company—from the leadership level down to operating personnel—aware of the risks of serious injury. The initiative is focused on identifying the causes of the most serious injuries and implementing sustainable systems to prevent future incidents.

The LIFE program has five major focus areas:

- Driver safety
- Machine safeguarding
- Exposure to harmful substances or environments
- Motorized equipment
- Falls

The five focus areas are primarily targeted toward our employees, but we are also focused on contractor safety and have begun efforts to improve contractor safety performance. Since the inception of the LIFE program, we have seen a 68 percent decrease in LIFE injuries. The baseline has been adjusted for acquisitions that have taken place since 2010.

G4-LA6 TYPE OF INJURY AND RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND TOTAL NUMBER OF WORK-RELATED FATALITIES, BY REGION AND BY GENDER

We're pleased with our progress, but know we have room to improve. Although we have seen a large reduction in the number of significant injuries the number of fatalities has not declined. In 2014 we had four employee fatalities and one contractor fatality. In order to meet our objectives, we must eliminate fatalities and will continue our efforts toward ensuring that equipment is safe, that we are consistently and effectively educating employees, and that leaders at all levels receive IP Safety Leadership training in 2015 and beyond.

We use OSHA reporting standards for our global operations.

Injury Rate:

- 607 Recordable Injuries
- 239 Recordable Injuries involving Lost or Restricted Days away from work
- 125 Recordable Injuries involving Lost Days away from work
- 141,707,244 Hours Worked
- Recordable Injury Rate: 0.86
- Restricted or Lost Day Injury Rate: 0.34
- Lost Day Injury Rate: 0.18

Occupational Disease Rate:

- 28 Recordable Injuries related to Occupational Diseases*
- Occupational Disease Rate: 0.04

**These were predominately hearing and ergonomic related injuries*

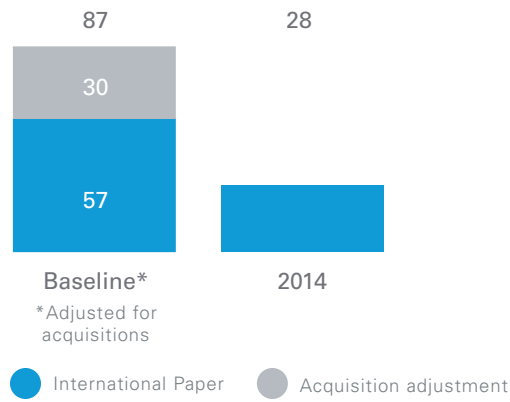
Lost Day Rate (LDR):

- Days Lost: 4,613
- Lost Day Rate: 6.51

**Days means 'calendar days'. The count begins the day after the accident.*

Fig. 5.11

EMPLOYEE LIFE INCIDENTS



reduction in LIFE events over 2010 baseline

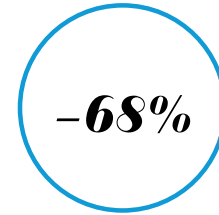
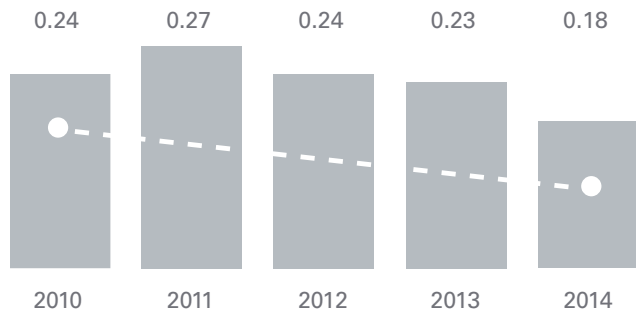


Fig. 5.12

LOST WORK DAY INCIDENT RATE



reduction in lost work incident rate

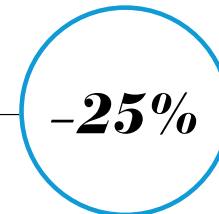
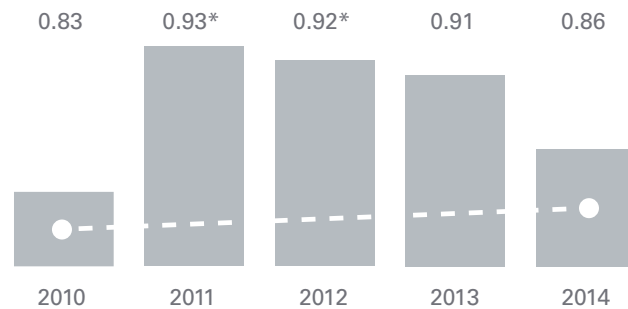
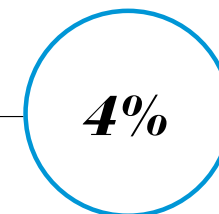


Fig. 5.13

TOTAL INCIDENT RATE



increase in total incidents



*Increase attributed to acquisitions.

Aspect: Supplier Assessment For Labor Practices

International Paper's Human Rights Statement, available online at www.internationalpaper.com, commits the company to protecting and advancing human rights globally. We respect international principles of human rights, including those expressed in the UN Declaration of Human Rights. As such, we do not tolerate child labor, forced labor, physical punishment, or abuse, nor do we tolerate deceitful or violent behavior. We respect the rights of indigenous peoples where our operations impact their communities. We comply with the employment laws of every country where we operate, and we recognize lawful employee rights of free association and collective bargaining. We seek to do business with suppliers who uphold the same standards of human rights as we do, to reduce potential for human rights abuses in our supply chain.

International Paper's statement on employment eligibility and voluntary labor outlines our expectations of suppliers with regard to employment practices. It states: "Suppliers shall only employ workers with a legal right to work. Child and compulsory labor are forbidden in any circumstance. Workers must be free to terminate employment at any time upon reasonable notice. Suppliers must refrain from any conduct and require its contractors to refrain from any conduct that uses threat, force or other forms of coercion, abduction, intimidation, or abuse of power for the purpose of exploitation, forced labor, or slavery of any individual and shall comply with all laws governing human trafficking and slavery."

G4-HR10 PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING HUMAN RIGHTS CRITERIA

Although we deem this aspect as material, we do not currently have adequate data on the percentage of new suppliers screened according to human rights criteria. However our expectation is that all of our suppliers comply with our Supplier Code of Conduct.

Aspect: Local Communities

Each U.S. International Paper facility with 100 or more employees receives an IP Foundation budget allotment to use on charitable projects in their respective communities. In addition, International Paper runs United Way campaigns in nearly 75 communities around the U.S. and our employees participate in the United Way Day of Caring activities for those respective communities.

The company is piloting grant impact assessments with grant recipients in Memphis, TN, (home of International Paper global headquarters) in 2015, and has plans to roll out grant impact assessments nationwide to grant recipients in 2016.

To gain grant development approval, each investment must be approved by that local grant review committee based upon International Paper's philanthropic focus areas, number of company volunteers, and IP Foundation restrictions.

The company has established a culture of employees lending their professional expertise by volunteering on community boards in their respective communities. Also in regards to community engagement, the company has established a global giving center of excellence team that is exploring options to select and implement an electronic employee volunteer tracking system. Current employee volunteer hours are tracked manually.

G4-SO₂ OPERATIONS WITH SIGNIFICANT POTENTIAL OR ACTUAL NEGATIVE IMPACTS ON LOCAL COMMUNITIES

None of our operations have been identified as having significant actual or potential negative impacts on local communities. Any potential negative impacts from operational upsets or unit operation start-ups are identified and evaluated in the project planning phase with issues mitigated prior to commencement of operational activity.

Aspect: Anti-Corruption

Risk workshops across all business units assess all risks related to corruption and the significant risks identified. International Paper conducts on-going risk assessments. Our risk assessments focus on procurement fraud and aspects of business where we directly interact with government officials. The assessments regarding procurement fraud are uniform for all regions and businesses. The second type of risk assessment is different by region depending on the government risk profile and specific nature of our interaction with the government. For example, taxes, environmental concerns, or import/export protocols may be a focus of a risk assessment in any given region.

G4-S04 COMMUNICATION AND TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES

All salary employees and all new employees are trained in International Paper's anti-corruption policies. Refresher training is conducted annually. One hundred percent of governance body members are trained in anti-corruption policies. The majority of our business partners around the world have also been trained. In the U.S., EMEA, and China 100 percent of our partners have been trained. Mexico and Chile will be complete by the end of 2015.

Aspect: Product And Service Labeling

Without our customers, International Paper would not be in business, so we listen to them carefully. They are placing more importance on sustainability when choosing a supplier and are asking for information on the sustainability performance of our products and operations.

We use customer feedback to build strategic supplier and customer partnerships, develop innovative products, and improve overall sustainability performance. We have worked closely with a number of our key customers and industry peers to develop and manufacture sustainable product solutions. For example, International Paper worked with other manufacturers and leading brands such as Starbucks and YUM! Brands to address the challenges of recovering single-use packaging in foodservice.

Our customers want to know more about our environmental footprint, especially our energy and water use, greenhouse gas emissions, and sustainable forest practices. They are asking for information about specific chemicals we use and are requesting more compostable products, the use of recyclable materials and recycled content, and the use of fiber from certified sources.

Complying with regulatory requirements is also critical in our choice of materials. In the European Union (EU), the use of chemicals of concern is regulated by REACH legislation. EU Ecolabel certification, which is applied to many of our products, limits the use of hazardous chemicals and prohibits the use of chemicals of very high concern. We continuously monitor developments in these areas to ensure we comply with all regulations.

G4-PR4 TOTAL NUMBER OF INCIDENTS OF NON-COMPLIANCE WITH REGULATIONS AND VOLUNTARY CODES CONCERNING PRODUCT AND SERVICE INFORMATION AND LABELING, BY TYPE OF OUTCOMES

No incidents of non-compliance with product safety regulations or voluntary codes concerning product and service information and labeling occurred in 2014.

Custom Content Index

“In Accordance” Core

All data are reported as of Dec. 31, 2014, unless otherwise stated. Data are included from all global operations, including International Paper Brazil, Asia, India, and Europe, the Middle East and Africa (EMEA). We do not collect data on joint ventures in which we do not have a controlling interest.

Our 2010 baseline data, as well as other historical data, has in some cases 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.

GENERAL STANDARD DISCLOSURES

GENERAL STANDARD DISCLOSURES	DESCRIPTION AND PAGE NUMBER (OR LINK)
STRATEGY & ANALYSIS	
G4-1	CEO Letter, p.37
G4-2	Description of Key Impacts, p.37
ORGANIZATIONAL PROFILE	
G4-3	Name of organization: International Paper, p.38
G4-4	Primary Brands, p.38
G4-5	Location of Organization's headquarters: Memphis, TN, p.38
G4-6	Number or countries where the organization operates, p.39
G4-7	Nature of ownership and legal form: International Paper is a publically traded company, p.39
G4-8	Markets served, p.39
G4-9	Scale of reporting organization, p.40
G4-10	Workforce, p.40
G4-11	Percentage of employees covered by collective bargaining agreements, p.41
G4-12	Organizations supply chain, p.41
G4-13	Significant changes during the reporting period, p.42
G4-14	Explanation of precautionary approach, p.42
G4-15	Externally developed economic, environmental, and social charters or principles, or other initiatives to which the organization subscribes or endorses, p.42
G4-16	Membership in associations, p.43

GENERAL STANDARD DISCLOSURES	DESCRIPTION AND PAGE NUMBER (OR LINK)
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES	
G4-17	List all entities included in the organization's consolidated financial statement, p.44 International Paper's 2014 Annual Report on Form 10-K
G4-18	Process for defining report content and aspect boundaries, p.44
G4-19	see G4-18, p.46
G4-20	see G4-18, p.46
G4-21	see G4-18, p.46
G4-22	Report the effect of any restatements of information provided in previous reports, p.46
G4-23	Report significant changes from previous reporting period in the Scope and Aspect Boundaries, p.46
STAKEHOLDER ENGAGEMENT	
G4-24	Provide a list of stakeholder groups engaged by the Organization, p.47
G4-25	Basis for identification and selection of stakeholders with whom to engage, p.48
G4-26	Organization's approach to stakeholder engagement, p.48
G4-27	Report key topics and concerns that have been raised through stakeholder engagement and how the organization has responded, p.48
REPORT PROFILE	
G4-28	Reporting period: Calendar year 2014, p.49
G4-29	Date of most recent report: May 2014, p.49
G4-30	Reporting cycle: Annual, p.49
G4-31	Contact point for questions: sustainability@ipaper.com, p.49
G4-32	Report the 'in accordance' option the organization has chosen: "Core", p.49
G4-33	Organization's policy and current practice with regard to seeking external assurance for the report: We do not provide external assurance at this time, p.49
GOVERNANCE	
G4-34	Report the governance structure of the organization, including committees of the highest governance body, p.50
ETHICS AND INTEGRITY	
G4-56	Describe the organization's values, principles, standards and norms of behavior, p.51 Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as help lines or advice lines, p.51
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, p.51
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior and matters related to organizational integrity, p.51

SPECIFIC STANDARD DISCLOSURES

DMA AND INDICATORS	PAGE NUMBER (OR LINK)	IDENTIFIED OMISSION(S)	REASON(S) FOR OMISSION(S)	EXPLANATION FOR OMISSION(S)
CATEGORY: ENVIRONMENTAL				
MATERIAL ASPECT: ECONOMIC PERFORMANCE				
G4-DMA	p.52 International Paper's 2014 Annual Report on Form 10-K			
G4-EC1	Direct economic value generated and distributed, p.52			
MATERIAL ASPECT: ENERGY				
G4-DMA	p.52			
G4-EN5	Energy intensity, p.52			
MATERIAL ASPECT: WATER				
G4-DMA	p.53			
G4-EN8	Total water withdrawal by source, p.53			
MATERIAL ASPECT: EMISSIONS				
G4-DMA	p.54			
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1), p.54			
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2), p.54			
G4-EN19	Reduction of greenhouse gas (GHG) emissions, p.55			
G4-EN21	NOx, SOx, and other significant air emissions, p.55			
MATERIAL ASPECT: EFFLUENTS AND WASTE				
G4-DMA	p.56			
G4-EN22	Total water discharge by quality and destination, p.56			
G4-EN23	Total weight of waste by type and disposal method, p.57			
MATERIAL ASPECT: COMPLIANCE				
G4-DMA	p.58			
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations, p.58			

DMA AND INDICATORS	PAGE NUMBER (OR LINK)	IDENTIFIED OMISSION(S)	REASON(S) FOR OMISSION(S)	EXPLANATION FOR OMISSION(S)
CATEGORY: SOCIAL				
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK				
MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY				
G4-DMA	p.58			
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender, p.59			
SUB-CATEGORY: HUMAN RIGHTS				
MATERIAL ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT				
G4-DMA	p.61			
G4-HR-10	Percentage of new suppliers that were screened using human rights criteria, p.61	% of new suppliers screened specifically for human rights criteria	The information is currently unavailable	Although we deem this aspect as material, we do not currently have adequate data on the percentage of new suppliers screened according to human rights criteria. However our expectation is that all of our suppliers comply with our Supplier Code of Conduct.
SUB-CATEGORY: SOCIETY				
MATERIAL ASPECT: LOCAL COMMUNITIES				
G4-DMA	p.61			
G4-SO₂	Operations with significant actual and potential negative impacts on local communities, p.61			
MATERIAL ASPECT: ANTI-CORRUPTION				
G4-DMA	p.62			
G4-SO4	Communication and training on anti-corruption policies and procedures, p.62			
SUB-CATEGORY: PRODUCT RESPONSIBILITY				
MATERIAL ASPECT: PRODUCT AND SERVICE LABELING				
G4-DMA	p.62			
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes, p.62			



MEASUREMENT TECHNIQUES & EXTERNAL ASSURANCE

Company-wide environmental performance data and other key indicators are gathered by facility environmental teams, global financial services and other subject matter experts and entered into our global data collection system, METRIX. The data are then validated by corporate Environment, Health, Safety & Sustainability (EHS&S) staff and relevant subject matter experts. The METRIX system was implemented through a multiyear process and is expected to improve our process for data collection in years to come.

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



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