



**2016
GLOBAL
CITIZENSHIP
REPORT**

CREATING
VALUE FOR ALL
STAKEHOLDERS
FOR GENERATIONS
TO COME



\$17 Million GIVEN TO CHARITABLE CAUSES

34% OF OUR FIBER IS THIRD-PARTY CERTIFIED

RESTATED WATER STEWARDSHIP GOAL

19% REDUCTION IN GHG EMISSIONS SINCE 2010

55,000 EMPLOYEES IN MORE THAN 24 COUNTRIES

INCREASED GOAL: 30% REDUCTION IN AIR EMISSIONS BY 2020

JOINED THE NATURAL CAPITAL COALITION

39% REDUCTION IN SERIOUS SAFETY INCIDENTS SINCE 2010

About this Publication

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

Unless otherwise indicated, information is from the 2016 calendar year, and data are accurate as of Dec. 31, 2016.

This GRI Report is supplemented by our 2016 Company Overview, 2016 Annual Performance Summary and other information available at internationalpaper.com. We welcome suggestions and encourage open dialogue on opportunities to improve. Please email globalcitizenship@ipaper.com to provide feedback or to request more information about topics covered in this report.

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A Message from Mark Sutton

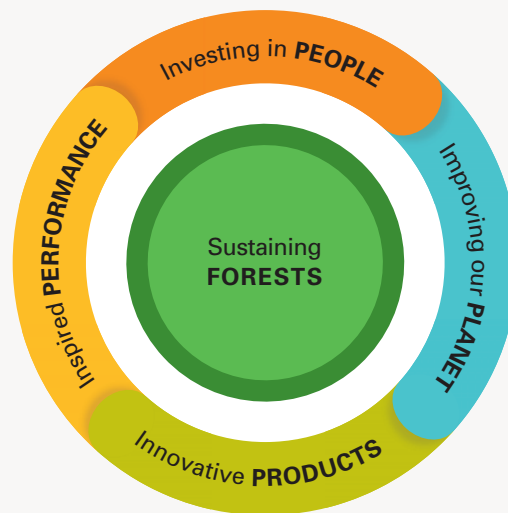
Chairman and CEO

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



Throughout 2016, we collaborated with employees across the company to refine our vision to reflect our core values and beliefs. This vision will guide our future. It reinforces how we strongly care about our employees and the pride we feel in our products that people depend on every day. It defines how we operate safely and sustainably and aligns all that we do to improve people's lives, the planet and our company's performance. It fortifies our commitment to deliberate improvement.

Last year we developed **The IP Way Forward**, our framework to engage, align and inspire our 55,000 employees. We use this framework to drive results, enrich our culture, attract the next generation of talent and strengthen our reputation as a responsible leader in the packaging, pulp and paper industry.



THE IP WAY FORWARD

The **IP Way Forward** consists of five Strategic Drivers.

Sustaining **FORESTS**

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

Investing in **PEOPLE**

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

Improving our **PLANET**

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

Innovative **PRODUCTS**

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

Inspired **PERFORMANCE**

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

VISION 2020 PROGRESS

In 2016, we continued our progress toward our Vision 2020 Goals. Our increased and widespread focus on using safety leading indicators to ensure safe working conditions and safe behaviors is protecting and saving lives. We have reduced serious injuries by nearly 50 percent since 2012.

We will never finish working on safety. Above all, we care about our colleagues, visitors and neighbors and we will continue to keep safety at the forefront to ensure that everyone arrives home safely at the end of each day.

We also made good progress in reducing our impact on the planet. In 2016, we accelerated our air emissions reduction target from 10 percent to 30 percent. We re-framed our water-use goal to shift from water management to watershed stewardship, including stakeholder engagement and annual facility assessments.

We have reduced greenhouse gas emissions by 19 percent, improved water effluent quality by 28 percent and increased our certified fiber purchases by 31 percent over the 2010 baseline.

We also accelerated our efforts to mobilize our people, products and resources to address critical needs in the communities where our employees live and work. Our efforts are focused on four Signature Causes for People (Education, Hunger, Health and Wellness and Disaster Relief) and four Signature Causes for the Planet (Forests, Water, Air and Responsible Sourcing). Last year, we contributed more than \$14 million to help address these causes.

Our employees also contributed an additional \$3 million for a total community engagement impact of \$17 million in 2016. We are committed to helping ensure that our communities are also successful and sustainable and plan to increase financial contributions and employee volunteering in our communities.

ALIGNMENT

Our business and sustainability strategies are built on a foundation of global markets and associated opportunities and risks. Our strategies and goals are aligned with the United Nations' Sustainable Development Goals and stakeholder expectations.

We employ an incredible business model—we transform renewable resources into recyclable products that people depend on every day. This cycle begins with sourcing renewable fiber from responsibly managed forests and at the end of use, our products are recycled into new products at a higher rate than any other base material. We generate 70 percent of the energy in our global mill system from carbon-neutral biomass. This business model enables us to create innovative products for our customers, deliver value for our shareowners, provide sustainable livelihoods for 55,000 employees and thousands of supply chain partners, and address critical needs in our communities.

I'm proud of our commitment to sustaining forests, investing in people, improving our planet, creating innovative products and delivering inspired performance. This commitment is fueling our progress and sustainable long-term growth. Every day, I'm inspired by our employees, who not only helped shape our vision, but are engaged in its pursuit.



Mark Sutton
Chairman and CEO, International Paper

2016 Highlights

Sustaining FORESTS

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

HIGHLIGHTS

- Earned the Forest Stewardship Council® (FSC®) Leadership Award for forest certification commitment and program innovation
- Created two new Private Reserves of Natural Heritage, protecting land totaling 288 acres in Brazil
- Increased the amount of certified land managed under our Certified Forest Management LLC by more than 400%
- Achieved 31% increase in third-party certified fiber purchases

Investing in PEOPLE

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

HIGHLIGHTS

- Completed 2016 without a single loss of life
- Forty-eight percent of our employees have worked with International Paper for more than 10 years
- Implemented Safety Leading Indicators, a collection of seven metrics that every site measures on a quarterly basis
- 3,922 First Line Leaders trained and developed in 2016
- Invested \$14 million to address critical needs in our communities

Improving our PLANET

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

HIGHLIGHTS

- Increased our air emissions goal from 10% reduction to 30% reduction by 2020
- Restated our water management goal to now include water stewardship
- Achieved a 19% reduction in Greenhouse Gas (GHG) emissions and a 28% reduction in other air emissions since 2010
- Provided nearly 1 billion gallons of drinking water to communities
- Reduced wastewater discharges of oxygen-depleting substances by 28% since 2010



Creating Innovative **PRODUCTS**

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

HIGHLIGHTS

- With the acquisition of Weyerhaeuser's pulp business, we have best-in-class manufacturing assets and capabilities, a valuable patent portfolio and an expanded innovation team that will help us improve and grow our Global Cellulose Fibers business
- Continued to develop sustainable solutions that meet our customers' needs, such as ClimaBin™, an ultra-strong, water-resistant container that is also recyclable (unlike alternatives on the market)
- Recognized by OPI's European Office Products Awards for New Product of the Year in the Core Office Products category for the new tear strip that makes opening a paper ream easy

Delivering Inspired **PERFORMANCE**

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

HIGHLIGHTS

- Seventh consecutive year above cost-of-capital returns
- Fifth consecutive year of dividend increase
- \$170 million strategic capital investments in our containerboard mills in Prattville, Ala., and Springfield, Ore., to expand capabilities and improve efficiency
- \$160 million Madrid, Spain, mill acquisition and planned conversion to grow our corrugated packaging business in Europe, Middle East and Africa (EMEA)
- Named by Fortune Magazine as one of the "World's Most Admired Companies®" in 2017 for the 14th time
- Named by the Ethisphere Institute as one of the World's Most Ethical Companies® in 2017 for the 11th consecutive year



Strategy

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Description of Key Impacts, Risks and Opportunities

As the world becomes increasingly crowded and resource constrained, International Paper is seeking sustainable solutions. Our industry plays a critical role in supporting employment growth and business opportunities while directly supporting the health of forestland.

Sustainability initiatives like the United Nations' Sustainable Development Goals (SDGs) of 2015 and the Paris Climate Agreement of 2016 act as catalysts for change. The success of these protocols depends on business creativity and innovation. Business will benefit from aligning with the Global Sustainable Development agenda through new opportunities and strengthening stakeholder relationships.

We demonstrate our alignment with the SDGs through our activities, partnerships and community engagement goals. By identifying global trends material to our business, we focus on the issues where we have the greatest impact. We assess associated risks and opportunities and course correct when necessary as part of our deliberate improvement efforts.

Climate Change

Climate Change is a challenge for the world. In the coming years it may have an impact on our business, both directly and indirectly as a result of policy and stakeholder requirements. Despite international policy and action, challenges exist because of increasing greenhouse gas emissions and access to fresh water.

Our primary actions in response to this focus are improving energy efficiency, replacing fossil fuels with renewable energy where feasible and promoting responsible forest stewardship through our sourcing policies and practices. We also produce recyclable products that enable our customers to reduce their carbon footprints and meet their sustainability goals to promote a low-carbon economy.

Most of our mills source water from local, large, natural water resources. We actively engage with stakeholders in our communities to address water-related issues and resiliency concerns within each watershed where we operate.

Ecosystem Challenges

Our business depends on the responsible management of the forests where we source our wood fiber. We procure wood from responsible sources that adhere to the requirements in our Global Fiber Procurement Policy. We will not knowingly accept fiber from controversial sources, harvested for conversion to non-forest use, or from forests when high conservation values are threatened by management activities.

We recognize that deforestation and land conversion can cause biodiversity loss and contribute to climate change. This could negatively affect not only the physical ecosystem, but also the cultural and recreational services that forests provide for communities and businesses.

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

Increased Transparency and Public Awareness

Our world is more connected than ever. The internet, social media and mobile technology enable information to spread at the push of a button. People can express social and environmental concerns, as well as demand that businesses act more responsibly. This impacts how we set our strategy and communicate to key stakeholders.

We promote transparency by disclosing company and sustainability performance on a regular basis, engaging with a wide range of internal and external stakeholders and disclosing progress toward our Vision 2020 goals.

Over the last several years, consumer demands for sustainability in the supply chain have increased the need for transparency across our whole value chain. We purchase fiber from responsible sources, monitor risk for all raw materials and communicate our sustainability practices with our stakeholders.

Business and Human Rights

Stakeholders are holding companies to increasingly high standards. Issues such as occupational health and safety and fair labor practices are central to public debates on the role of business in protecting the rights of workers.

International Paper promotes human rights through our actions and values. We do not tolerate child labor, forced labor, physical punishment or abuse. We recognize lawful employee rights of freedom of association and collective bargaining. Our commitment to human rights is embodied in our Code of Business Ethics, The IP Way Forward and our company policies.

With 100,000 suppliers worldwide, we have an obligation to strengthen our supply chain through monitoring, surveying and auditing. At a minimum, we expect our suppliers to adhere to the requirements in our Supplier Code of Conduct.

Global Impact

The United Nations' Sustainable Development Goals (SDGs) help shape the global sustainable development agenda until 2030. They call for business to use innovation, technology and creativity to address challenges such as hunger, improving health and education, combating climate change and protecting oceans and forests. The framework requires collaboration to meet the goals and targets, so we engage with non-governmental organizations and establish strategic partnerships in order to help us identify areas where the greatest strides in sustainability can be achieved and to make a positive impact in the communities where we operate.

Our sustainability goals and actions align with many of the SDGs. We focus our efforts where we can make the biggest impact. Our alignment with these SDGs will benefit society and the planet, as well as our company.

Our Alignment with the United Nations' Sustainable Development Goals (SDGs)

<p>2 ZERO HUNGER</p>  <p>We partner with food banks to provide volunteers, products and financial contributions to help alleviate hunger in the communities where we operate.</p>	<p>4 QUALITY EDUCATION</p>  <p>We support programs that improve educational opportunities for children. Literacy, particularly from birth through third grade, is a major priority because it forms the foundation for all childhood learning.</p>	
<p>6 CLEAN WATER AND SANITATION</p>  <p>We map water risk at our facilities annually and promote watershed health. We support many water treatment facilities and supply nearly 1 billion gallons of drinking water to communities.</p>	<p>8 DECENT WORK AND ECONOMIC GROWTH</p>  <p>We provide each of our 55,000 employees with decent work and fair wages. We also expect that our 100,000 suppliers adhere to our Supplier Code of Conduct prohibiting illegal and unfair work practices.</p>	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>  <p>We are committed to responsible sourcing, consumption, recycling and we promote the responsible use, recovery and recycling of our products. We are proud of our impact on the North American recycling rates: for paper (67 percent) and old corrugated containers (93 percent).*</p>
<p>13 CLIMATE ACTION</p>  <p>Forests mitigate climate change because they absorb carbon. We support responsibly managed, working forests around the globe and have set targets to reduce greenhouse gas and air emissions. More than 70 percent of our mill energy comes from carbon-neutral biomass residuals.</p>	<p>15 LIFE ON LAND</p>  <p>We are a global leader in responsible forestry. We work with landowners and suppliers to advance credible third-party certification to ensure the responsible management of our fiber supply and to grow our fiber sourcing from certified forests.</p>	
<p>17 PARTNERSHIPS FOR THE GOALS</p>  <p>We collaborate with organizations and landowners to promote sustainable forest management, combat illegal logging and deforestation and support healthy working forests.</p> <p>Even as one of the world's largest packaging, pulp and paper producers, we recognize that our corporation, by itself, cannot successfully address these SDGs. We need a diverse and inclusive set of people and organizations to work with us and help develop solutions that not only address these critical needs, but also provide value to all of our key stakeholders.</p>		

*Source: American Forest and Paper Association (AF&PA)

Organizational Profile

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Name of the Organization

International Paper Company

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Activities, Brands, Products and Services

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



Industrial Packaging

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

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



Consumer Packaging

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

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



Global Cellulose Fibers

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

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



Printing Papers

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

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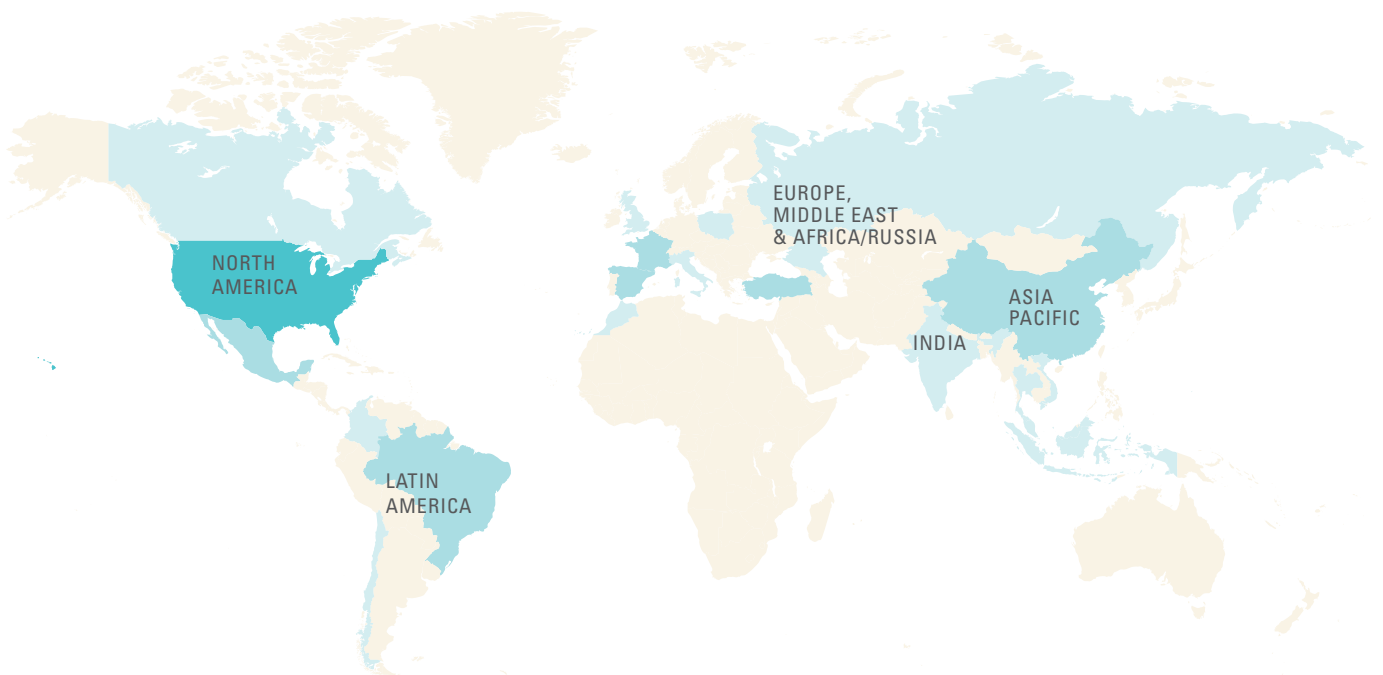
Location of Headquarters

Memphis, Tenn., U.S.A.

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Location of Operations

We operate in more than 24 countries, with manufacturing facilities in North America, Latin America, Europe, Russia, the Middle East and North Africa.



KEY

1 – 5 sites

5 – 50 sites

> 50 sites

0 sites

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Ownership and Legal Form

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

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Markets Served

North America

In North America, we produce containerboard and corrugated packaging products, coated paperboard, uncoated freesheet papers, paper, tissue and fluff pulp. We also produce paper cups, food containers and paper bags, and we operate a recycling business with facilities across the United States and Mexico. Most of our mills are in the United States, with the exception of one recycled fiber mill in Mexico and one pulp mill in Canada.

Latin America

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

Europe/Middle East/Africa (EMEA)

Our regional headquarters is in Brussels, Belgium. We manufacture uncoated freesheet paper, coated and uncoated paperboard, newsprint, pulp, recycled containerboard and corrugated packaging. We supply these products to customers across Europe, the Middle East and North Africa. In 2016 we purchased a newsprint mill in Madrid, Spain; we are in the process of converting the facility to produce containerboard from recycled material.

Russia

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

India

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

Asia/China

Our regional headquarters is in Shanghai, China. In 2016, we divested our corrugated packaging business in Asia. We operate a printing and packaging distribution business in Asia with eight sites in China and one site each in Malaysia, Taiwan, Thailand and Vietnam.

Scale

International Paper has approximately 55,000 employees at more than 300 locations. Net sales were \$21.1 billion and shipments were 26.6 million tons. Total capitalization is \$15.4 billion, including \$11.1 billion in long-term debt and \$4.3 billion in total shareholder equity. International Paper's total assets equal \$33.3 billion.

In the United States, we operate 29 pulp, paper and packaging mills, 170 converting packaging plants, 16 recycling plants, three foodservice converting plants and three paper bag facilities.

In Asia, Canada, Europe, India, Latin America and North Africa, we operate 17 pulp, paper and packaging mills, 68 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 own or manage approximately 329,000 acres of forestland in Brazil and have, through licenses and forest management agreements, harvesting rights on government-owned forestland in Russia.

Employees and Other Workers

International Paper has approximately 55,000 employees working in manufacturing, converting, sales and various office locations. Our workforce represents more than 100 ethnicities, countries and nationalities. In 2016, 18 percent of our global workforce was female. The number of employees by region, gender, age and employment type is shown in the following tables.

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

	MEN	WOMEN	TOTAL
North America	82.4%	17.6%	39,000
Latin America	85.7%	14.3%	5,200
EMEA	65.0%	35.0%	8,400
India	94.7%	5.3%	2,100
Asia	65.6%	34.4%	370

	UNDER 31	31-40	41-50	51-60	OVER 61
North America	14.8%	19.2%	24.8%	30.5%	10.7%
Latin America	28.1%	36.0%	24.6%	10.4%	0.9%
EMEA	14.8%	27.3%	29.7%	24.4%	3.7%
India	11.1%	26.3%	28.4%	34.1%	0.1%
Asia	30.9%	44.5%	18.6%	4.7%	1.3%

	EXEMPT		NON-EXEMPT		HOURLY	
	Men	Women	Men	Women	Men	Women
North America	18.0%	6.2%	1.4%	3.7%	62.7%	8.0%
Latin America	9.9%	4.2%	8.9%	4.1%	67.1%	5.8%
EMEA	11.5%	5.9%	8.7%	9.2%	56.5%	8.1%
India	31.4%	1.9%	9.5%	0.0%	56.5%	0.7%
Asia	26.1%	40.8%	0.8%	2.2%	21.7%	8.4%

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Supply Chain

We are supported by approximately 100,000 suppliers globally. We expect them to comply with our Supplier Code of Conduct and all applicable laws, including those laws and principles prohibiting involvement with human trafficking and slavery. If they fail to comply with the law or do not address contractual non-compliance in a timely manner, International Paper reserves its contractual rights to terminate relationships with them. A supplier's compliance with the Supplier Code – or with its own code of conduct, if it contains similar ethical principles – is an essential factor in our decision to enter into a business relationship with them or extend an existing one.

With an estimated annual spend of \$15 billion, we obtain a wide range of products including wood fiber, recovered fiber, chemicals, fuel, electricity, manufactured parts and services, as well as logistic services such as transportation. Approximately half of our suppliers are based in North America, but we also have suppliers in Asia, Europe, Latin America, North Africa and Russia. The majority of our suppliers fall into one of three categories: contractors, distributors or manufacturers. Our Supplier Code of Conduct is part of our standard contract for all suppliers and purchase order terms across the globe.

Around the world, our products are primarily manufactured in our own facilities by full-time, part-time and contract employees who work directly for our company. The majority of contracted labor is used across our manufacturing system to provide maintenance, repair and specialized field services that support normal operations or capital project activities. Temporary staffing used in office environments or to supplement production needs and for less-skilled building support services is also contracted out occasionally. We require extensive safety training, proper protective equipment and adherence to site-specific requirements for all categories of contracted services.

We require suppliers to promote the principles of the Supplier Code of Conduct to their own suppliers, contractors and laborers.

We have a global supply chain sustainability team that creates, evaluates and implements compliance and risk management strategies. We use the principles in our Supplier Code of Conduct as the standard for safe and respectful workplace conduct and ethical business practices.

Our supplier sustainability strategy consists of three parts:



Transparency

Approximately 75 percent of our contracted spend includes a commitment from suppliers to comply with the principles of International Paper's Supplier Code of Conduct, which covers compliance with all laws, including laws prohibiting human trafficking, slavery, forced labor and child labor. As contracts come up for renewal, we continue to include our Supplier Code in the contract terms.

In 2016, we collaborated with a third-party provider, Supply Shift, to manage our online supplier survey tool, and we started review of supplier audit services. The survey includes more detailed inquiries into suppliers' policies, practices, training, reporting and goals, and provides an analysis of risk. We will expand this program in 2017.

Risk Management

As part of our strategic sourcing process, we now include a due diligence risk assessment and pre-screen of suppliers. The assessment includes inquiry into each supplier's policies, procedures and training practices, geographical operations, ownership interests and public reporting practices. In 2016, we conducted a Risk Assessment analysis as part of all strategic¹ sourcing events.

We continue to update our Supply Security Assessment Matrix twice per year to track our exposure to supply market concentration and shifts.

These improvements were made in response to the results of our prior global risk mapping exercise and gap analysis of our centralized procurement process. We continue to roll out the gap assessment globally, developing more region-specific processes, as well as response and mitigation protocols.

¹ Strategic categories represent large spend suppliers that are critical to International Paper operations.

Strengthening Partnerships

We work with suppliers to improve our environmental footprint. In 2015, we created a Supplier Sustainability Handbook and tracked benefits that occur because of sourcing decisions. We are broadening our discussion of our suppliers' sustainability efforts, and through this collaboration, we are finding ways to reduce costs and reduce our environmental impact. Additionally, in 2016 we launched an internal program to recognize employee efforts to align sourcing practices with our sustainability goals.

SmartWay Shipper

SmartWay certification, a U.S. Environmental Protection Agency (EPA) program, plays a key role in our supplier performance management process and sourcing decisions. We work with more than 200 SmartWay carriers that account for more than 95 percent of our total ton-miles in North America.

Strategic Carrier Council

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

Supplier Diversity Program

Our diverse supplier base contributes to the economic well-being of the communities where we live and work, and in turn, gives us access to suppliers that provide the products and services we need. This has been a long standing commitment and in 2016, International Paper's total diversity supplier spend exceeded \$330 million.

In 2017, our goal will be to help diverse suppliers improve their operations while enhancing their growth with us.

Contractor Safety Summits

In 2016, International Paper sponsored a safety leadership summit with key senior leadership from International Paper and contractors. The meeting resulted in an open dialog with our key contractors, multiple safety policy enhancements that strengthened and simplified safety practices, and improved safety coordination and leadership while contractors are working on our sites.

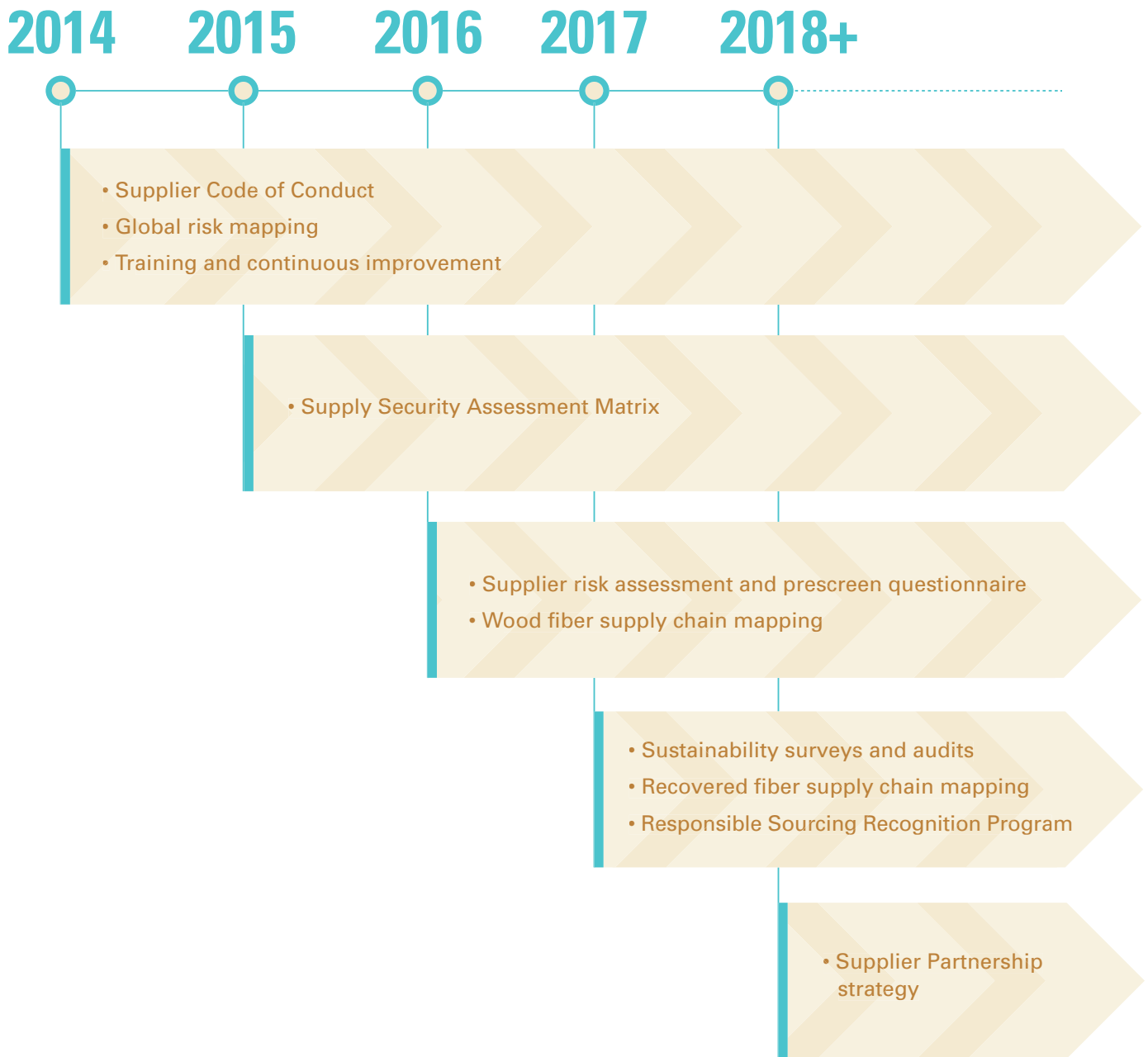
10 Keys to Truck Driver Safety

Our focus on safety includes our contractors as well as our employees. Through collaboration with our carriers, we developed the 10 Keys to Truck Driver Safety to provide a simple, consistent safety message for our contracted truck drivers. This initiative promotes positive safety behavior and demonstrates how International Paper cares about its contracted drivers.

Transportation Improvements in Brazil

In 2016, our logistics planning, customer service, sales and logistics operations collaborated to increase the average capacity of trucks hauling finished goods to Northeastern Brazil. The effort resulted in a reduction of 9.7 percent miles driven and 270,658 tons of carbon dioxide equivalents. We will continue this process with other businesses and customers.

We are on target to meet our supply chain sustainability program expansion by 2018, by embedding best-practice transparency measures, addressing the risks identified in our 2014 global risk assessment, and seeking opportunities to partner with suppliers to continuously improve the sustainability of our supply chain.





SUPPLY CHAIN PROGRESS

Established baseline supply chain performance and implemented improvement plans

VISION 2020 GOAL

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

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Significant Changes

In March 2016, we divested our corrugated packaging business in China and Southeast Asia to Xiamen Bridge Hexing Equity Investment Partnership Enterprise.

We purchased Holmen's newsprint mill in Madrid, Spain, and are converting the facility to produce recycled containerboard. The agreement included the purchase of associated recycling operations and a 50 percent ownership interest in a cogeneration facility.

In December, we completed the acquisition of Weyerhaeuser's pulp business, doubling the size of our pulp business, which was renamed Global Cellulose Fibers (GCF). GCF includes five pulp mills and two converting facilities from the Weyerhaeuser acquisition, along with our existing pulp assets.

In 2016, we also completed the conversion of a machine at our Riegelwood, N.C., Mill to produce fluff pulp. This further expands our capabilities to meet customer demand for high-value specialty pulp products.

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

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Precautionary Approach or Principle

We apply a risk-based approach to help prevent negative outcomes. We incorporate environmental, social and governance considerations into our everyday processes to ensure that we adequately address risks, operate sustainably and responsibly, and create long-term value.

External Initiatives

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

ENTITY OR INITIATIVE	PURPOSE/COMMITMENT
American Business Act on Climate Pledge	International Paper is the only U.S. paper company to join the White House's American Business Act on Climate Pledge to improve energy efficiency and reduce greenhouse gas emissions.
EPA SmartWay	This is a public-private initiative to reduce greenhouse gas emissions and air pollution created by freight transportation.
Forestland Stewards Initiative	National Fish and Wildlife Foundation and International Paper created the Forestland Stewards Initiative in 2013. We expect to establish, enhance and conserve more than 240,000 acres of forestland across the southern United States by the end of 2017.
Natural Capital Coalition	We participate in a global multi-stakeholder collaboration that brings together leading global initiatives and organizations to harmonize approaches to natural capital.
Reporting Entities such as CDP	We track global greenhouse gas emissions, fiber sourcing, water use and supply chain initiatives through CDP.
Third-Party Forest Certification Standards Including FSC®, SFI®, American Tree Farm, CERFLOR, PEFC	We subscribe to principles or standards including sustainable harvest levels, prompt reforestation, conservation of biodiversity, protection of water quality and respect for indigenous peoples' rights.
U.S. Department of Energy Better Plants Program	We have committed to reduce energy intensity by 25 percent over a decade across our U.S. facilities.
World Business Council For Sustainable Development (WBCSD)	We are one of 200 leading businesses working together to accelerate the transition to a sustainable world by focusing on the maximum positive impact for shareholders, the environment and societies.
World Wildlife Fund – Global Forest & Trade Network	We participate in this global program focused on eliminating illegal logging and driving improvements in environmentally and socially responsible forest management.

Membership of Associations

We consider membership and engagement with the following entities as strategically critical. Beyond membership, we have indicated in the following table to what level we participate.

ORGANIZATION	DESCRIPTION	PARTICIPATION AT THE GOVERNANCE LEVEL	PARTICIPATION IN PROJECTS OR COMMITTEES
American Forest and Paper Association	National trade association of the forest products industry; advances public policies that promote a strong and sustainable U.S. forest products industry	✓	✓
Association of Russian Pulp and Paper Companies	Non-commercial association established in 1999 by the Russian pulp and paper enterprises and institutes		✓
Blue Green Alliance	Unites America's largest labor unions and its most influential environmental organizations to identify ways today's environmental challenges can create and maintain quality jobs and build a stronger economy		✓
Brazilian Forest Certification Programme	Programme for the Endorsement of Forest Certification (PEFC) endorsed Brazilian third-party forest certification system		✓
Brazilian Industry of Trees (Industria Brasileira de Arvores)	Industry association in Brazil responsible for the planted tree production chain, from the field to the industry	✓	✓
Business Roundtable	Association of chief executive officers of leading U.S. companies working to promote sound public policy and a thriving U.S. economy		✓
The Confederation of European Paper Industries	A nonprofit organization that represents the paper industry with European Union institutions	✓	✓
Corporate Eco Forum	An invitation-only network of Global 500 executives driving innovation in corporate sustainability		✓
Fibre Box Association	Trade association representing North American corrugated packaging manufacturers	✓	✓
Forest Resources Association	Promotes the interests of forest products industry members in the economical, efficient and sustainable use of forest resources	✓	✓
Forest Stewardship Council®	Promotes environmentally sound, socially beneficial and economically prosperous management of the world's forests	✓	✓
Indian Paper Manufacturers Association	Presents a broad-based platform to project Indian paper industry's views and articulate its strategy		✓
Institute for Forest Biotechnology	Fosters the use of science and technologies that create healthier and more productive forests now and for the future		✓
International Conservation Caucus Foundation	Promotes the projection of U.S. leadership for international conservation worldwide		✓
National Association of Manufacturers	The largest manufacturing industrial trade association in the United States, representing 11,000 small and large manufacturing companies in every industrial sector and in all 50 states		✓
National Council for Air & Stream Improvement	Independent, nonprofit research institute that focuses on environmental and sustainability topics relevant to forest management and the manufacture of forest products	✓	✓
National Industrial Transportation League	An association representing industrial freight shippers that works to develop a modern and efficient freight transportation system to support U.S. commerce		✓
ORCHSE Strategies, LLC	Premier global family of health, safety and environmental networks for industry leaders		✓
Paper & Packaging Board	A commodity checkoff program overseen by the United States Department of Agriculture (USDA); it oversees the work of the Paper & Packaging – How Life Unfolds campaign designed to increase demand for paper and paper-based products	✓	✓
Programme for the Endorsement of Forest Certification	International nonprofit, non-governmental organization dedicated to promoting sustainable forest management	✓	✓
Pulp & Paper Safety Association	Nonprofit international organization devoted to the continuous improvement of safety throughout all aspects of the paper industry		✓
Sustainable Forestry Initiative®	Promotes sustainable forest management, improved forestry practices and responsible purchasing of forest products	✓	✓
Two Sides, North America and Europe	Promotes the sustainability of the graphic communications industry and dispels common environmental misconceptions by providing users with verifiable information	✓	✓
World Business Council for Sustainable Development	CEO-led organization of forward-thinking companies that works with the global business community to create a sustainable future for business, society and the environment	✓	✓
World Environment Center	Global nonprofit, non-advocacy organization that advances sustainable development through the business practices of member companies and other stakeholders		✓

Ethics and Integrity

102-16

Values, Principles, Standards and Norms of Behavior

International Paper's compliance and ethics program is the responsibility of the senior vice president, general counsel and corporate secretary. Laws such as the United States Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act apply to our global operations. We honor the laws and treaties of all jurisdictions in which we operate, and we expect the same of all our business partners.

We are committed to doing the right things, in the right ways, for the right reasons, all of the time—this is The IP Way. Our Code of Conduct lays the groundwork for how we treat our customers, investors, suppliers, communities and each other in our operations around the world. Our efforts have earned us Ethisphere Institute's "World's Most Ethical Companies®" award for 11 consecutive years.

Our Code of Conduct is shared with all employees and is available in 11 languages. We provide training tailored to the needs of each region.

All vendors receive and are expected to comply with our Supplier Code of Conduct. The Supplier Code requires our suppliers and other providers — along with their parent entities, subsidiaries, affiliates and subcontractors — to abide by all laws and comply with our ethical principles, giving special attention to our expectations about their workplace standards and business practices. We apply the Supplier Code globally and provide Supplier Code training for both our suppliers and field personnel. The Supplier Code is available in 19 languages. We also maintain a Supplier Sustainability Handbook, which outlines our process for aligning supplier performance with our values and business needs. Focus areas include financial, environmental and social responsibility.

Ethics training is mandatory for all full-time salaried employees, and newly hired employees must complete courses within 90 days of their start dates. The courses target specific job roles and address their respective business risks. Courses cover topics such as harassment and discrimination prevention, compliance with the FCPA, anti-competitive and price fixing issues, anti-corruption standards, fair labor practices, records management and insider trading prevention. Refresher training is offered as needed.

102-17

Mechanisms for Advice and Concerns about Ethics

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

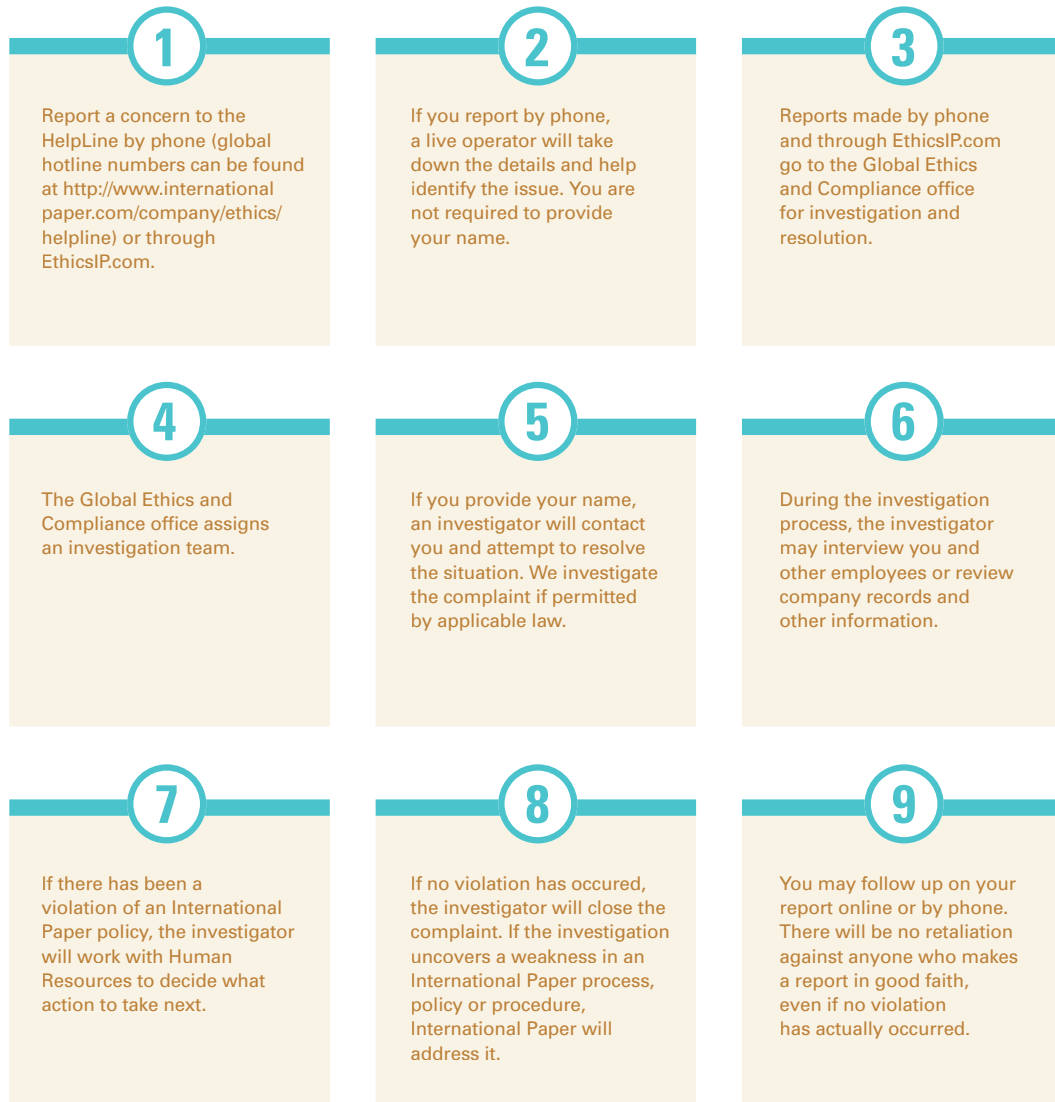
Employees may also contact the International Paper HelpLine, which offers a confidential method for seeking advice and reporting issues. Where permitted by law, HelpLine use may be anonymous. Communication with our HelpLine reporters is managed by a third-party vendor and is accessible 24 hours a day, seven days a week, 365 days a year. Employees are made aware of our HelpLine through our Code of Conduct, training, posters, internet/intranet websites, internal newsletters and other promotional materials.

Reporting Concerns

Our HelpLine is available to employees, contractors, customers, suppliers and the general public, so anyone can raise concerns about legal violations or other unethical conduct at our company or in our supply chain. For employees, the HelpLine supplements existing reporting channels. Where permitted by law, anonymous reports may be made to the HelpLine by phone or online. We take all reports seriously and investigate the allegation. We have a strict no-retaliation policy so good-faith reports can be made without fear of negative repercussions.

For more information about how concerns are addressed please see the flow chart below.

How the HelpLine Works



Governance

102-18, 19, 20

Governance Structure

We believe in sound corporate governance for business success. Our Board of Directors upholds our company mission and ensures effective organizational planning, focusing on strategy and risk management while monitoring strategic initiatives. The Board has adopted Corporate Governance Guidelines (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 internationalpaper.com/company/leadership/governance.

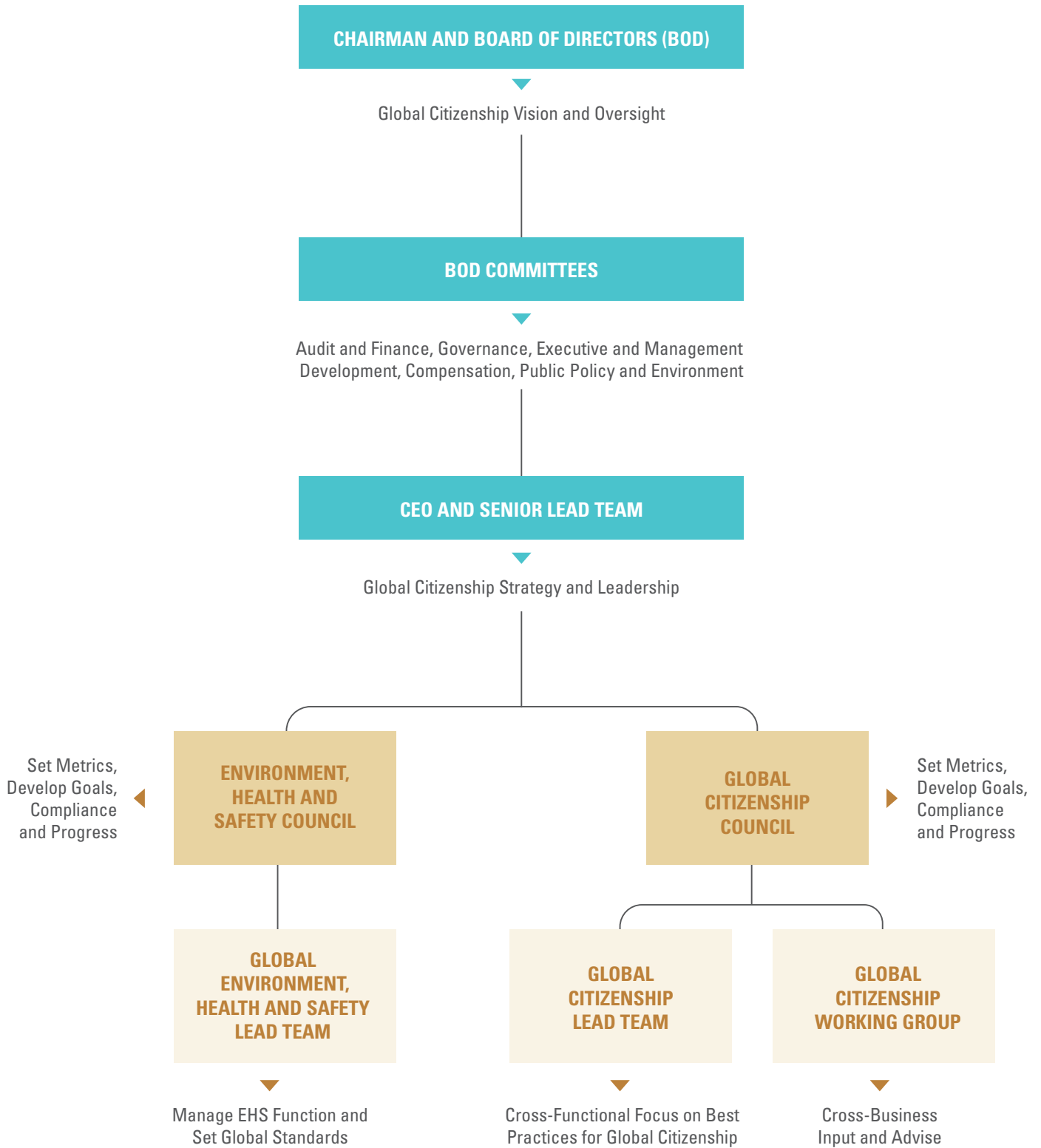
Global Citizenship is a key element of our corporate governance, promoted by our Board of Directors, CEO and Senior Lead Team. The Public Policy and Environment Committee of the Board of Directors has overall responsibility for Global Citizenship at International Paper. It reviews and assesses public policy, legal, health and safety, technology, environment and sustainability issues. The company's Governance Committee also has oversight of certain public policy and sustainability matters. Internal performance evaluations of the full Board and its committees are conducted annually.

Our Senior Leadership team has primary responsibility for approving our sustainability strategy, with separate councils overseeing diversity, environment, health and safety, people and risk management. In 2015, the appointment of a dedicated Global Citizenship officer and the addition of Global Citizenship to our Chairman's list of priorities underlined the importance we place on the issue. In addition to Sustainability, Global Citizenship includes Communications, Community Engagement, Corporate Marketing and Event Planning. The Global Citizenship Council guides the strategy and monitors progress, while the Global Citizenship Lead Team implements the strategy.

Everyday sustainability topics are handled by our Sustainability function along with Human Resources and Sourcing departments which are responsible for the operational management of sustainability in their given areas. This work is steered by the Global Citizenship Working Group, a cross-functional team with members from each of our businesses as well as representatives from marketing, communications, sales operations and other staff functions. Meeting every six to eight weeks, the Global Citizenship Working Group collaborates to drive Global Citizenship initiatives throughout the company, share best practices and provide insight to the Global Citizenship Council.

Designated staff at the corporate, business and facility levels help identify, prioritize and manage Global Citizenship-related risks and opportunities. Key units such as wood supply, logistics and sourcing have sustainability experts to support their operations. Business leaders are responsible for planning and managing business-specific Global Citizenship priorities.

Global Citizenship Governance at International Paper



Stakeholder Engagement

102-40, 42, 43, 44

Stakeholder Engagement Approach, Stakeholder Groups, Engagement Channels, and Key Issues

Stakeholder engagement is crucial to our success. We engage stakeholders to identify and address their concerns, to broaden our perspective and to validate internal assessments. We embed this feedback into our strategy to develop long-term solutions. Our engagement includes flexible and formal dialogues, surveys and special events.

We defined our significant stakeholder groups based on several factors, including those who depend on us and whom we depend on, proximity to our operations and those who can influence our decision-making process. Our seven stakeholder groups are customers, employees, shareholders, governments, communities, non-governmental organizations (NGOs) and suppliers.

We conduct a formal materiality survey every two years seeking input from each of the stakeholder groups to fine-tune or course correct our Global Citizenship strategy and disclosure efforts. The results guide us in our strategic decision-making, stakeholder engagement agenda and reporting framework. We carefully review all results and focus our efforts on the issues with the highest priority for stakeholders and the biggest estimated impact on our company. Results from 2016 can be found in section 102-46, 47.

Customers

STAKEHOLDER IMPORTANCE: We work with customers to meet sustainability objectives. Subject-matter experts regularly meet to discuss product and service innovation.

COMMON ENGAGEMENT CHANNELS: Sales relationships, regular visits, meetings, surveys, special events and online communications

KEY TOPICS: Air Emissions, Certified Fiber Content, Climate Change, Life Cycle Impact, Operational Efficiency, Recovered Fiber Content, Waste Reduction

IP RESPONSE: Manufacturing Excellence principles drive greater efficiency in all aspects of our operations, and increased beneficial use of process residue is decreasing waste to landfills. The technology necessary to achieve zero landfilled waste is not available in all cases today, but we have opportunities to reduce waste significantly in the future as we aspire toward zero-waste facilities in the longer term.

Our Vision 2020 Goals impact all areas of our value chain. Of all our activities, manufacturing has the largest impact on the environment, so we measure progress against our targets related to efficiency and energy consumption, greenhouse gas emissions, water stewardship, fiber loss, waste and workplace safety. We have established goals to purchase and use more third-party certified wood fiber and increase the percentage of recovered fiber, to improve our watersheds and to improve our community involvement.

Employees

STAKEHOLDER IMPORTANCE: We are dedicated to developing our employees and committed to helping them reach their full potentials. We strive for a collaborative workplace that engages all employees, and we provide the tools and opportunities for employees to develop and succeed.

We measure employee engagement with a formal third-party survey every two years, and each team creates improvement plans based on employee feedback.

COMMON ENGAGEMENT CHANNELS: Diversity and functional forums, employee training, intranet sites, newsletters, presentations, engagement surveys, company-wide communications, global webcasts, team meetings and one-to-one discussions between supervisors and employees

KEY TOPICS: Diversity and Inclusion, Employee Development, Safety, Employee Engagement

IP RESPONSE: Our employees are a key component of our competitive advantage. We ensure that workforce planning, knowledge transfer, and skill and competency assessments are in place for all positions. Undoubtedly, we must understand the skills needed now and in the future to attract, develop and retain the best talent in the market. The role for human resources and for all our leaders is to employ a strategic process to analyze and forecast workforce trends, to anticipate retirement waves, to understand our workforce needs and match those with the best and brightest talent.

Our various onboarding programs help us identify areas for increased diversity and inclusion in our workplace. Fifty-one percent of our new employees in the United States are female or minority. We conduct diversity and inclusion training, and host inclusion forums, mentoring boards and team level courses. Additionally, all leadership training programs offered through our internal Leadership Institute feature a strong commitment to gender, racial, national and geographic diversity.

Government

STAKEHOLDER IMPORTANCE: We educate policy makers on our commitment to sustainable forestry, third-party fiber certification, reduced emissions, responsible resource management, efficient use of renewable biomass and recycling. See table on page 57.

COMMON ENGAGEMENT CHANNELS: Education, discussions on trends and positioning, legislative and regulatory advocacy, participation in government associations and committees, and plant tours

KEY TOPICS: Ethics, Fair Compensation, Health and Safety, Paper Recycling and Recovery, Taxes and Environmental Policy

IP RESPONSE: We are committed to meeting or exceeding legal requirements to uphold our high ethical standards and to always do the right things, in the right ways, for the right reasons—all of the time. Many of our standards are stricter than legal requirements.

International Paper is one of the largest users of recycled fiber in the United States, and we have targets to increase the amount of recovered fiber diverted from landfills.

Shareholders

STAKEHOLDER IMPORTANCE: Accountability to investors requires us to monitor both financial and non-financial performance. Communicating our performance to our investors strengthens our reputation.

COMMON ENGAGEMENT CHANNEL: Analyst meetings, financial reports, internationalpaper.com, non-deal road shows, press releases and webcasts

KEY TOPICS: Financial Returns, Financial Stewardship, Risk Mitigation

IP RESPONSE: The IP Way Forward is our strategic framework to help us achieve our vision. It also allows us to work toward a “One Company, One Set of Expectations” approach. Our 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.

Communities

STAKEHOLDER IMPORTANCE: Strong relationships with our communities are critical to maintaining our social license to operate. Addressing the critical community needs for the communities where our employees live and work are crucial to cultivating the talent and skills needed to effectively operate our business and sustain our customer base. Our business is often a key component of the economic success of the community.

COMMON ENGAGEMENT CHANNEL: Economic and charitable relationships, employee-led fundraising, plant tours, Community Advisory Councils, media and volunteerism

KEY TOPICS: Air Emissions, Community Involvement, Economic Impact, Philanthropy, Sustainable Jobs, Water Use and Water Quality

IP RESPONSE: In 2016, we exceeded our water quality target by reducing oxygen-depleting substances in our effluent by 28 percent. Our manufacturing teams remain focused on improving our wastewater treatment systems, thereby improving effluent quality and generating cost savings.

We analyzed our water risk through mill-specific water mapping. This analysis included four factors: the World Resources Institute risk mapping tool, perceived community and regional risk, manufacturing risk and customer sensitivity, and resulted in a composite score for each mill. We are using these scores to focus on our higher risk areas and identify water stewardship and community engagement opportunities to reduce water risk.

Our Community Advisory Councils meet regularly and have open dialogue about community concerns and opportunities for collaboration and improvement.

Non-Governmental Organizations (NGOs)

STAKEHOLDER IMPORTANCE: We establish strategic partnerships to help us identify areas where the greatest strides in sustainability can be achieved, to develop innovative solutions for our customers and to make a positive impact in the communities where we operate. This engagement also provides opportunities to share our Global Citizenship strategy and build a network of advocates to help tell our story to a larger group of consumers.

COMMON ENGAGEMENT CHANNEL: Corporate communications, internationalpaper.com, IPGiving.com, corporate email forms and face-to-face meetings

KEY TOPICS: Air Emissions, Climate Change, Fiber Sourcing, Sustainable Forestry, Water Use and Water Quality

IP RESPONSE: We create value for our shareowners, customers, employees, and communities while protecting the environment and improving the lives of those with whom we interact. We strive to perform sustainably, use all resources responsibly and strengthen the communities where we live and work.

We are committed to ensuring healthy forests. Our foresters and fiber procurement professionals help create and implement better forest management plans with wood suppliers and land owners. Globally, we follow a Certification Policy, a Responsible Fiber Procurement Policy and third-party certifications. We are committed to increasing our supply of wood fiber from certified forests.

We collaborate with the National Fish and Wildlife Foundation to support sustainable forestry management through the Forestland Stewards program. Over five years, our \$7.5 million contribution will leverage an additional \$24.5 million in matching funds from federal, state and private organizations. This initiative is expected to establish more than 25,000 acres and enhance more than 200,000 acres and conserve more than 15,000 acres of longleaf, shortleaf, riparian and bottomland hardwood forests in the southeastern United States by the end of 2017. We were recognized by PRNews for our efforts.

Suppliers

STAKEHOLDER IMPORTANCE: Setting high standards for ethical practices by our suppliers enables us to deliver quality products to market.

COMMON ENGAGEMENT CHANNEL: Supplier relationships, onsite visits, strategic meetings, requests for information and scorecards for key suppliers

KEY TOPICS: Environmental Impact, Governance Practices, Labor Rights, Supplier Assessments

IP RESPONSE: We expect quality products and services that are competitive, sustainable and meet our customers' expectations. Our Supplier Code of Conduct outlines our expectations for workplace standards and business practices of our suppliers, along with their affiliates and others who are within their supply chains. We expect all vendors to abide by the Supplier Code of Conduct.

See internationalpaper.com and 2016 Company Overview for more information on our work in these areas.

102-41

Employees Covered by Collective Bargaining Agreements

Approximately 40 percent of our U.S.-based employees are represented by unions. We do not track the number of employees covered by collective bargaining agreements outside of the United States, but all employees have the right to join associations of their choice, if they are legally permitted to do so in their home countries.

Reporting Practice

102-45

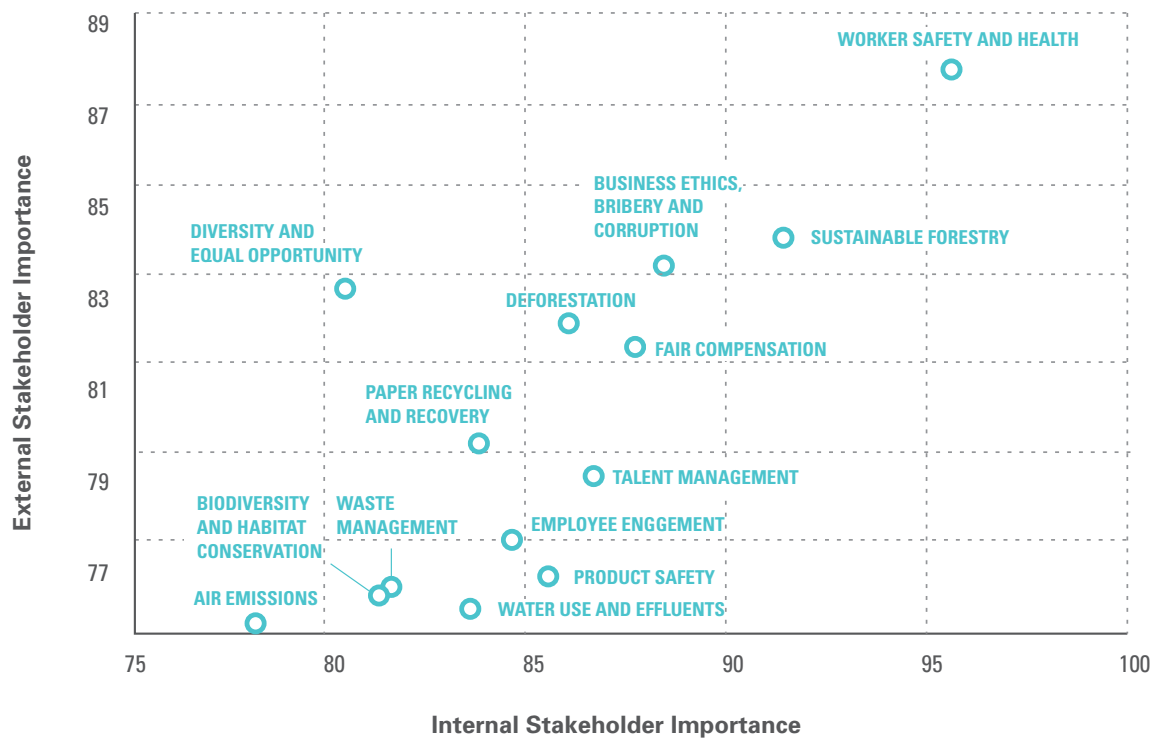
Entities Included in Consolidated Financial Statement

Data is included from all global operations. See International Paper's 2016 Annual Performance Summary for more information.

Defining Report Content and Topic Boundaries

We follow the Global Reporting Initiative framework for this report. Determining materiality includes consideration of economic, environmental, social and governance matters that affect the ability to create or erode value for stakeholders, now and in the future.

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



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

Material Issues

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

Material Topics and Boundaries

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

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

Value Chain Impacts

FORESTS AND SOURCING

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

IMPACTS

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

TRANSPORT

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

IMPACTS

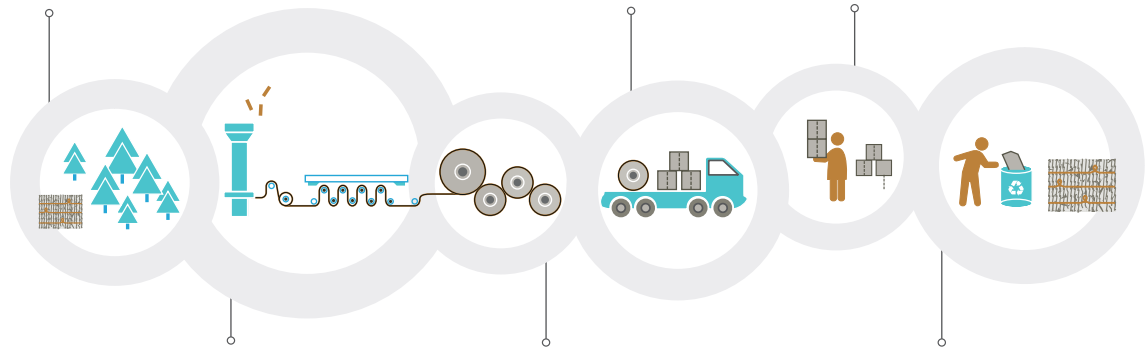
Environmental Compliance, Employment, Worker Health and Safety, Business Ethics, Bribery and Corruption, Air Emissions

CUSTOMER USE

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

IMPACTS

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



MANUFACTURING

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

IMPACTS

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

CONVERTING

At our converting sites, large rolls of paper and paperboard are cut into sheets and envelopes or used to create boxes, folding cartons, bags, cups and food containers.

IMPACTS

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

RECOVERY AND END-OF-USE

In the United States, 93 percent of corrugated packaging are recycled and 67 percent of all paper products are recycled. We use recovered fiber and operate a recycling business, supporting a market for recovered fiber products.

IMPACTS

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

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Restatements of Information

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

102-49

Changes in Reporting

This report follows the updated GRI Standards; our 2014 and 2015 reports used the GRI G4 Guidelines. We continue to evaluate issues that are material to our company. We have included several specific standard disclosures in this report that were not included in the 2015 GRI report. For example, we are reporting on Diversity and Inclusion due to an update in our materiality findings.

102-50

Reporting Period

Calendar year 2016

102-51

Date of Most Recent Report

June 2016

102-52

Reporting Cycle

Annual

102-53

Contact Point

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

102-54

Claims of Reporting in Accordance with GRI Standards

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

102-55

GRI Content Index

See page 59

102-56

External Assurance

We do not provide external assurance for this report; however, in 2016, we completed an internal assurance assessment.

Specific Standard Disclosures

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ECONOMIC PERFORMANCE

Management Approach

We focus on generating strong free cash flow, creating value with returns greater than our cost of capital, returning cash to shareowners, maintaining a strong balance sheet and making investments for future growth. Delivering long-term value for our stakeholders is a priority. In 2016, we continued to establish advantaged positions in attractive, fiber-based market segments with safe, efficient manufacturing operations near sustainable fiber sources.

For more information on our management approach to financial matters and progress on economic indicators, please see our 2016 Company Overview and 2016 Annual Performance Summary.

Direct Economic Value Generated and Distributed

Despite a tough global environment, we delivered another year of solid performance, with continued strong cash flow generation and a return on invested capital in excess of our cost of capital. In 2016 our total revenue was \$21.1 billion, selling a total of 26.6 million tons of product from our four businesses: Industrial Packaging, Global Cellulose Fibers, Printing Papers and Consumer Packaging. Total costs and expenses was \$19.6 billion. Total capital expenditures equaled \$1.3 billion, and net tax expenses equaled \$247 million.

Investing to improve our businesses, returning cash to shareowners and maintaining a strong balance sheet are the priorities of our cash allocation strategy. In 2016 we returned cash to our shareowners, a 5 percent increase in our annual dividend. This was the fifth consecutive year of dividend increases.

We invested in cost reduction projects to drive margin improvement and offset cost inflation, and initiated strategic investments to generate long-term value.

Please view our 2016 Annual Performance Summary for more financial information.

ANTI-CORRUPTION

Management Approach

We conduct ongoing risk assessments, which include a focus on corruption, procurement fraud and all aspects of business where we directly interact with government officials. We have enhanced our risk assessment process with alignment among the regions in their identification and response to such risk issues. The regional risk assessment includes localized risk issues depending on geographic location, specific government interaction and varying local laws. For example, taxes, environmental concerns or import/export protocols may be a focus of a risk assessment in any given region.

Upon hire, full-time salaried employees are required to complete an employee agreement that includes a conflict of interest questionnaire. The agreement requires employees to disclose any interest that they or a member of their immediate family may have in a competitor, supplier or customer, as well as any other transactions or relationships that may pose a conflict of interest. It also specifies that if circumstances change or a situation occurs that should be reported, employees should obtain a new copy of the questionnaire to complete and return it to our Global Ethics and Compliance office. All disclosed conflicts are then reviewed and addressed, if needed, based on the specific facts of the potential conflict. For members of our U.S.-based senior leadership and in some regions, conflict of interest questionnaires are completed on an annual basis.

Communication and Training on Anti-corruption Policies and Procedures

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

MATERIALS

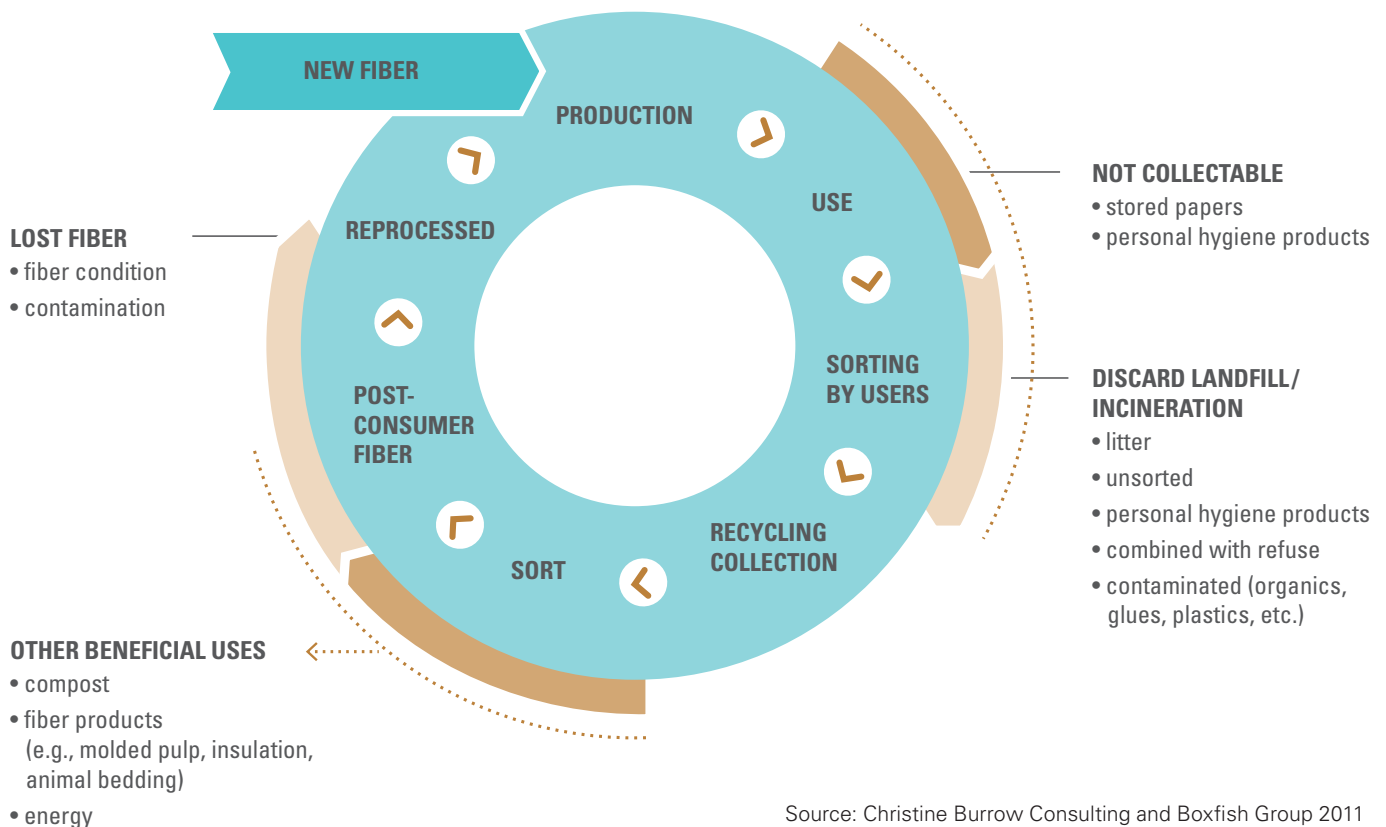
Management Approach

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

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

Recycling and the use of recovered fiber are key components of our commitment to environmental stewardship because they help extend the useful lives of natural resources and reduce materials to landfill. In the United States, 93 percent of corrugated boxes are recovered and reused.

Both new and recovered fiber are necessary to sustain an efficient cycle in the supply chain. Due to fiber losses and quality degradation, the ability to use recovered fiber would cease to exist if responsibly managed new fibers were not introduced to the fiber cycle. With high recovery rates and well-managed forests to source fiber, fiber-based products are among the most sustainable products in the world.



Source: Christine Burrow Consulting and Boxfish Group 2011

Recycled Input Materials Used

In addition to our recycling operations in the United States and Mexico, International Paper globally sources more than 5 million tons of old corrugated containers (OCC) and box plant paper trimmings for use in our facilities, including five mills in North America that use only recovered fiber to make paperboard. The average recycled content of our North American corrugated packaging products is 35.3 percent, including 29.5 percent post-consumer fiber and 5.8 percent pre-consumer fiber.

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

In 2016, our progress reflects a 17 percent increase in OCC recovery as a result of efficiencies in our recycling operations and recovered fiber consumption. Our dip, from 2010 through 2013 can be explained by inefficiencies with recovered fiber use and our supply chain. We are now getting more production out of our purchased tons of recovered fiber than we were previously and have better aligned our sourcing with consumption.

Through efficiencies and growth, we have increased our capacity for recovered fiber use since we established this target. These are key factors in our improvements since 2013.



RECYCLING PROGRESS

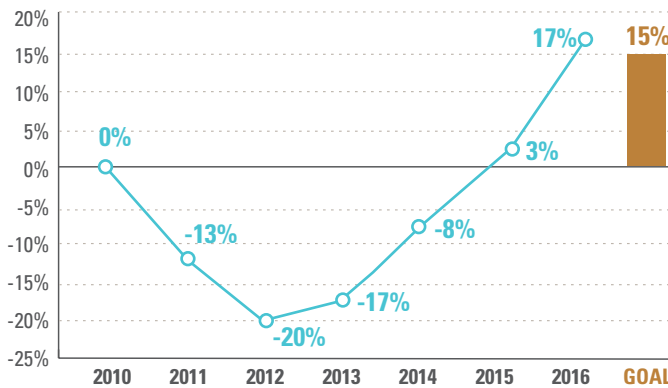
17% increase

in recovery of OCC since 2010

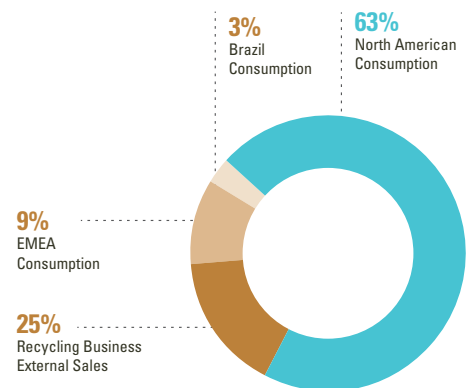
VISION 2020 GOAL

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

Recycling Goal Progress
% INCREASE



Where the Recovered Fiber is Used



Responsible Forest Stewardship

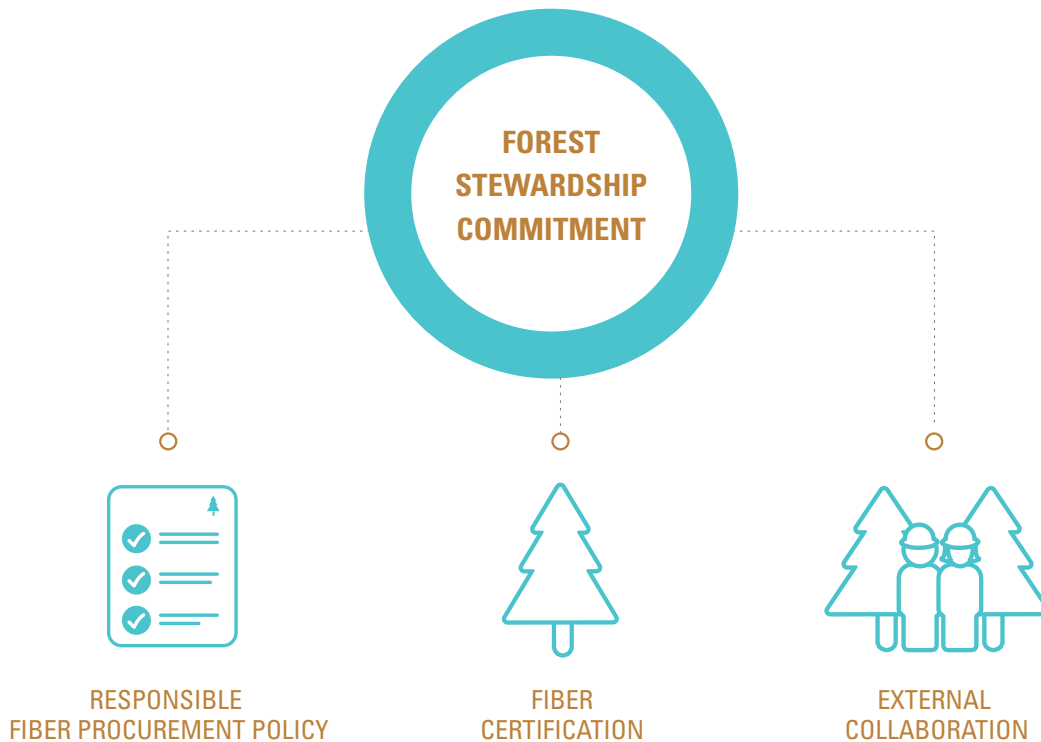
We source our fiber from well-managed forests to ensure healthy and productive forests for future generations. We will not knowingly accept fiber from illegally logged forests or from forests when high conservation values are threatened by management practices.

We support efforts to combat illegal logging and trade. We help prevent illegally harvested wood products from entering global marketplaces by supporting the U.S. Lacey Act and the European Union Timber Regulation. These laws help combat illegal logging and prohibit trafficking of illegally harvested products while protecting the competitiveness of legally harvested trees.

We continue to make substantial investments to help family landowners become certified to Forest Stewardship Council (FSC) standards through our forest management group. Last year, we increased the number of acres covered under the program by more than 400 percent by engaging large landowners. Since the program's inception in 2012, International Paper's Certified Forest Management, LLC has enrolled and maintained FSC forest management certification for 168 private landowners in 10 states, increasing certified lands by nearly 500,000 acres.

We engage with organizations that share our goals in responsible forest management and conservation such as the World Wildlife Fund's Global Forest & Trade Network, the National Fish and Wildlife Foundation and other organizations.

Our Responsible Forest Stewardship Commitment



Fiber Certification

We follow a fiber certification policy that recognizes globally responsible forest management third-party standards. These include the Forest Stewardship Council®, the Programme for the Endorsement of Forest Certification (PEFC), and standards recognized by PEFC like the American Tree Farm System® and Sustainable Forestry Initiative® in the United States and Certificação Florestal in Brazil. All of the forestland we own in Brazil and lease in Russia is certified according to national or international forest management standards. All of our mills are certified to one or more third-party or Chain of Custody standards.

In 2016, we increased certified fiber by 31 percent over our 2010 baseline.



FIBER CERTIFICATION PROGRESS*

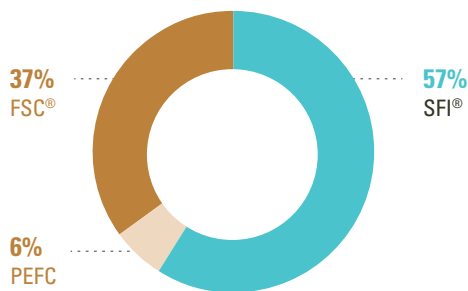
31% increase

in certified fiber volume since 2010

VISION 2020 GOAL

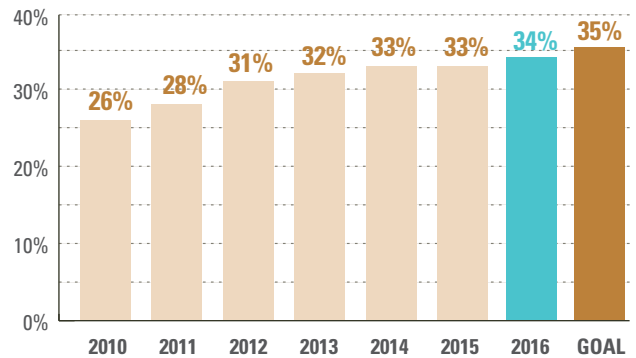
Increase third-party certified fiber by 35%

22 Million Tons of Certified Fiber Breakdown



Certified Fiber Proportion

PERCENTAGE OF CERTIFIED FIBER PURCHASED



*Progress refers to growth in proportion of certified fiber

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

External Collaboration

Our commitment to responsible forestry is complemented by ongoing collaborations with academic institutions, research and trade organizations and nonprofit organizations. Through these relationships, we are building upon our heritage of land management and stewardship.

World Wildlife Fund Global Forest & Trade Network

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

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

National Fish and Wildlife Foundation

Since 2013 we have contributed \$7.5 million to Forestland Stewards, a collaboration with the National Fish and Wildlife Foundation to establish, enhance and conserve forestland, strengthen important fish and wildlife populations, and protect watersheds, while promoting and supporting working forests in the southeastern United States. This initiative is expected to establish more than 25,000 acres, enhance more than 200,000 acres and conserve more than 15,000 acres of longleaf, riparian and bottomland hardwood forests in the southeastern United States. This achievement will exceed the initiative's original goal by 20 percent.

FIBER EFFICIENCY

We are committed to achieving world-class performance of less than 0.75 percent fiber loss by 2020. We have implemented a measurement and tracking system to monitor fiber efficiency progress across our global mill system and developed ways to improve our performance.

Our metrics are based on a 12-month rolling average, and for mills with implemented measurement and tracking systems we achieved 0.79 percent fiber loss. In 2016, with about 85 percent of our mills reporting quality-ensured data. This means that for each ton of product, we lose approximately 16 pounds of fiber. There is a focused effort at our mills to keep usable fiber within the process and out of the wastewater treatment system to meet this target. This results in less solid waste generation and improved water quality as well as cost savings.

We will continue to measure and track fiber efficiency performance while focusing on mill-specific deliberate improvements aimed at reducing fiber loss.



FIBER EFFICIENCY PROGRESS

0.79% fiber loss

VISION 2020 GOAL

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

ENERGY

Management Approach

Our manufacturing processes require large amounts of energy, primarily from carbon-neutral biomass, to produce and dry our products. Improvements in energy efficiency reduce both the amount of energy consumed and represent improved air emissions.

Our goal is to improve energy efficiency by 15 percent by 2020, over our 2010 baseline. An internal energy audit team regularly reviews facilities' practices and equipment in order to determine cost-effective projects that will improve energy efficiency. We have an Energy Council that acts as a cross-functional team and meets quarterly to optimize our energy results, maximize the effectiveness of capital deployment as it relates to energy, and effectively anticipate and respond to changes in policy and regulation.

Energy Intensity and Reduction of Energy Consumption

Since 2010, we invested \$538 million in energy efficiency improvements and fuel diversity. With these improvements, we realized an energy improvement of 14 trillion BTUs (British thermal units) per year. In 2016, we recalculated our progress to include our Brazilian and Turkish packaging mills. Due to concerns about data reliability, IP India, which makes up less than 2 percent of International Paper total mill production, is not included in the energy efficiency data.

Our purchased energy includes fuels such as natural gas, coal, fuel oil and tire-derived fuel, wood residuals such as bark, and electricity and steam from utilities. However, the majority of our energy is derived from biogenic manufacturing residuals. We use the Department of Energy (DOE) calculations that utilize efficiency numbers used by the DOE for purchased electricity, steam and fuels.

In 2016, nine of our mills set monthly records for increased energy efficiency. We are steadily making progress toward our goal.



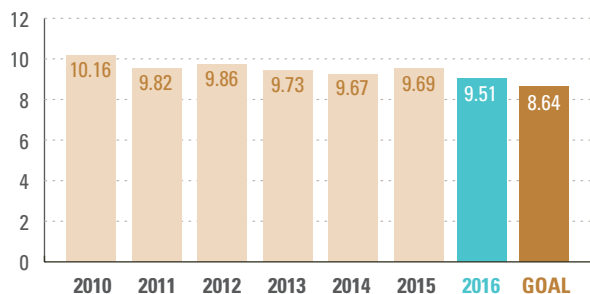
ENERGY EFFICIENCY PROGRESS

6.4% improvement
in purchased energy efficiency since 2010

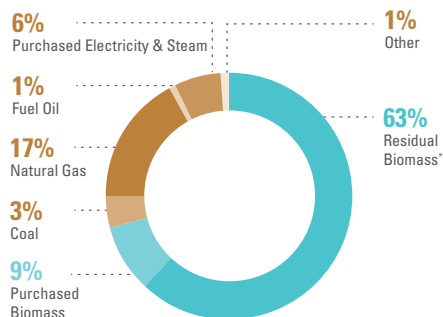
VISION 2020 GOAL

Improve efficiency in purchased energy use by 15%

Purchased Fuel Efficiency*
MILLION BRITISH THERMAL UNITS PER TON OF PRODUCTION



Energy Sources - Pulp and Paper Mills



* Goal progress is calculated on a 'source basis' per DOE standard.

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

WATER

Management Approach

Water is essential to our operations and we work to minimize our impact on watersheds in which we operate. We are committed to responsible stewardship of this critical resource and work to reduce our withdrawal and improve the use and treatment of water.

In 2016, we revised our water goal to demonstrate our shift from water management to water stewardship. Instead of focusing primarily on water use reductions in our operations, we now focus on improving the overall health of watersheds in the areas where we operate. Our updated goal is to integrate water stewardship into regular facility assessments and proactively engage with stakeholders in communities to address water-related issues within the watershed.

We developed a water-risk tool to help us better understand our water risks and to assist in identifying key stewardship opportunities. To date we have completed three global assessments.

Of the 40 mill sites analyzed, we determined that three of our mills may be in areas of moderate stress. These are non-integrated mills using relatively low amounts of water. The remainder of our mills are not in any areas of significant stress. We will address water issues in these facilities and determine the best approaches to ensure we are limiting community and operational risk.

This risk assessment program is part of our commitment to our global water stewardship strategy.

The key components of our water stewardship program are:

- Develop an evaluation approach for our global operations ✓
- Integrate this water-risk evaluation approach into managing water quantity and quality
- Integrate this program into regular operational auditing activities
- Engage with stakeholders in our communities through collective action efforts
- Address water-related issues within each watershed

We are committed to engaging in water stewardship initiatives to address both access and quality issues.

303-1

Total Water Withdrawal by Source



WATER STEWARDSHIP PROGRESS

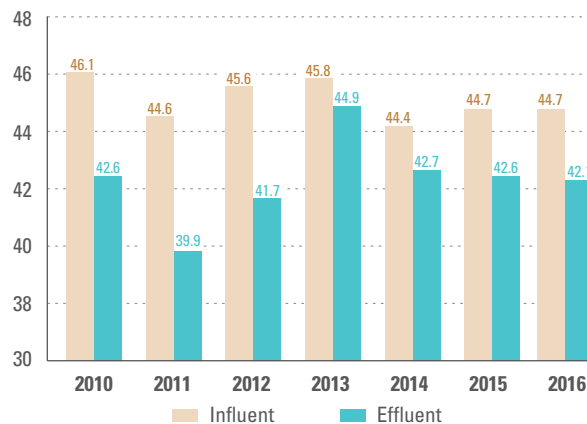
Mapped water use and risk by location, identified priority mills and initiated annual stakeholder and facility assessments

VISION 2020 GOAL (restated in 2016)

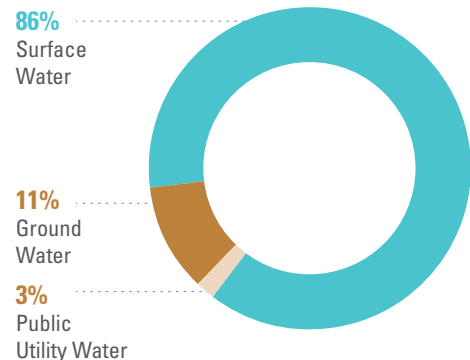
Integrate water management into regular facility assessment and proactively engage with stakeholders in communities to address water-related issues within the watershed

Water Use

CUBIC METERS PER METRIC TON OF PRODUCTION



Water Influent Sources



EMISSIONS

Management Approach

We have a performance standard that addresses air emissions as part of our Environment, Health and Safety (EHS) Management System. The intent is to have a common standard for air emissions management for every International Paper site around the world. Every site must identify air emission sources, quantify and monitor emissions on a regular basis. This includes a set of requirements for stack testing and continuous monitoring of pollutants such as Particulate Matter (PM), Sulfur Dioxide (SO₂) and Nitrous Oxides (NO_x) from large sources. In addition, sites must properly design, operate and maintain processes and address community concerns. The performance standards are then audited as part of our periodic EHS audit assessments.

Our strategy for reducing air emissions is linked to our management of purchased energy. Reducing the amount of fossil fuels we purchase reduces our costs and decreases our emissions. With efficiency improvements in our operations, equipment, and fuel diversity, we achieved significant company-wide reductions over the past decade, and we will evaluate and implement projects across our global operations that continue our improvements.

305-1, 2, 5

Direct, Indirect and Reduction of Greenhouse Gas Emissions

Through continuous improvements in operations, equipment and fuel diversity, we achieved significant company-wide reductions in Scope I and Scope II GHG emissions, and we will continue to evaluate and implement improvement projects. Site closures have an effect on the reduction number and account for a 3 percent reduction.

Our goal of reducing GHG emissions by 20 percent by the end of 2020 includes both Scope I and Scope II emissions. Scope I emissions result from burning fossil fuels while Scope II emissions result from the offsite utility generation of steam and electricity we purchase. Our Scope I emissions also include relatively modest and stable emissions from International Paper owned and operated landfills. Our reported emissions do not include carbon-neutral biogenic GHG emissions, which were 31.3 million metric tons in 2016.



GHG EMISSIONS PROGRESS

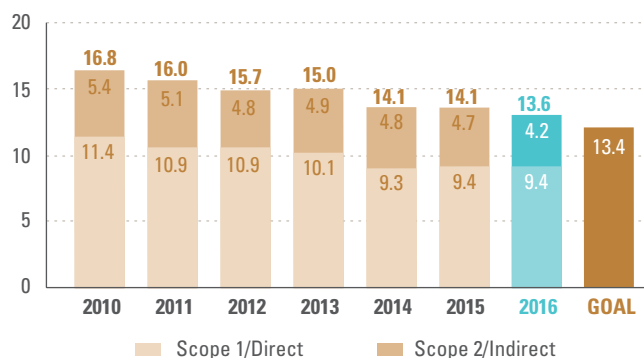
19% reduction
in GHG emissions
since 2010

VISION 2020 GOAL

Reduce GHG emissions by
20% (direct and indirect)

Greenhouse Gas Emissions

MILLION METRIC TONS CARBON DIOXIDE EQUIVALENTS (CO₂e)



For the past five years, energy efficiency projects, regulatory requirements and fuel-switching, particularly away from coal and oil, resulted in significant reductions of other air emissions. We believe our gains will continue as more efficiency projects, regulatory changes and fuel switching are expected in the next five years.

Several mills contributed to this progress by improving their energy efficiency, and their stories can be found in more detail in the energy and emissions section of our Company Overview. We are also realizing the benefits of replacing fuel oil and coal with natural gas, which generates half the GHG emissions of coal on the same-energy-content basis.

We have more than 250 converting locations. If the converting site is owned and operated by International Paper, the energy used to convert the paper into a product is considered part of our Scope I and Scope II emissions. Collectively, our converting operations emit approximately 1.5 million metric tons of GHGs. Over time, emissions from our converting facilities have trended slightly downward by approximately 5 percent since 2010. Emissions from transporting product to converters are considered Scope III emissions and are not included in our reported GHG emissions.

We will continue to work with others and increase our efforts to reduce our emissions.

Calculation Methodology

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

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

305-7

NO_x, SO₂ and Other Air Emissions

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

We reduced sulfur dioxide (SO₂) by 33 percent, nitrous oxides (NO_x) by 17 percent and particulate matter (PM) by 11 percent for an overall reduction of 23 percent from our 2010 baseline.

Calculation Methodology

Data are from mills and are consistent with regional regulatory requirements for reporting data.



AIR EMISSIONS PROGRESS

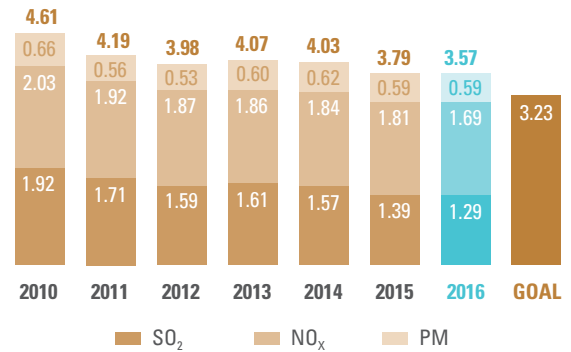
23% reduction
in air emissions
since 2010

VISION 2020 GOAL

(restated in 2016)

Reduce air emissions
(PM, SO₂, NO_x) by 30%

Total SO₂, NO_x and PM Emissions
KILOGRAMS PER METRIC TON OF PRODUCTION



306

EFFLUENTS AND WASTE

Management Approach

Effluents

We return 94 percent of the water we use to the environment and work to protect water quality in our communities and local watersheds. Our mill teams are focused on reducing losses to our wastewater treatment systems, thereby reducing oxygen-depleting substances and further improving watershed quality. We share wastewater best practices across our manufacturing sites.

In 2014 we finalized our Environment, Health and Safety (EHS) Performance Standard and Program Elements for Wastewater as part of the EHS Management System. With the implementation of enterprise-wide wastewater performance standards related to processes affecting wastewater and wastewater treatment, all our sites are held to the same high standards in achieving optimal wastewater treatment system performance. As part of these standards, every site must know and document the amount of wastewater generated and any potential hazards, identify constraints impacting wastewater generation and discharge, manage and appropriately treat all waste water leaving process areas.

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

Solid Waste

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

System. As part of these standards, every site must identify, quantify and document all generated waste and associated hazards. All sites must reduce the amount of waste generated and ensure proper management and disposal of waste.

International Paper has created a network of professionals responsible for site-specific waste management. This network, called the Solid Waste Alternatives Network (SWAN), meets quarterly to discuss current events, policy requirements and best practices. Some of our converting sites and mills in Brazil have achieved zero manufacturing waste to landfill by stressing efficiency, beneficial use of byproducts and recycling wherever possible to minimize waste. More information can be found in the 2016 Company Overview about these sites.

306-1

Water Discharge by Quality and Destination

Our water quality goal is to decrease oxygen-depleting substances by 15 percent by the end of 2020 from our 2010 baseline. We achieved a 28 percent reduction in 2016. Because year-to-year variability and acute system and weather-related events can significantly affect our water discharges, we will closely monitor this number to ensure our progress is sustained. The total biological oxygen demand (BOD) in the figure below does not include BOD to publicly owned treatment works, which accounts for approximately 35 percent of our effluent BOD.



WATER QUALITY PROGRESS

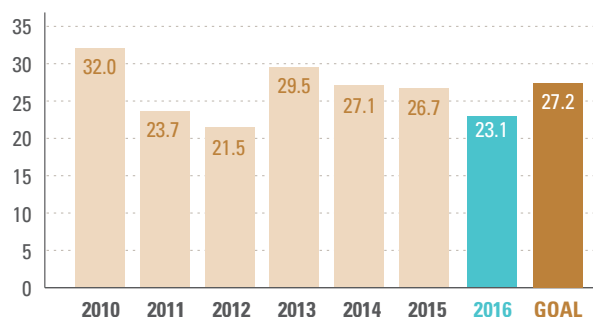
28% decrease
in oxygen-depleting
substances since 2010

VISION 2020 GOAL

Reduce mill wastewater discharges of oxygen-depleting substances to receiving streams by 15%

Oxygen-Depleting Substances to Receiving Streams

BIOLOGICAL OXYGEN DEMAND IN MILLION KILOGRAMS



306-2

Waste by Type and Disposal Method

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

A 30 percent reduction by the end of 2020 is ambitious because in many instances the cost and complexity of beneficial use exceeds the cost of onsite landfill disposal. Our mills conduct periodic wastewater treatment dredging which could create fluctuations in waste generation. We achieved an 11 percent reduction in 2016.

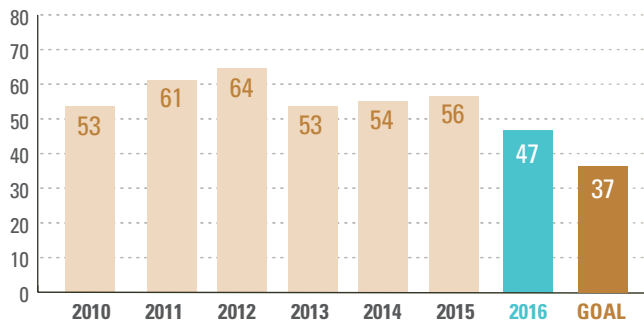


SOLID WASTE PROGRESS
11% reduction
 in manufacturing waste to
 landfills since 2010

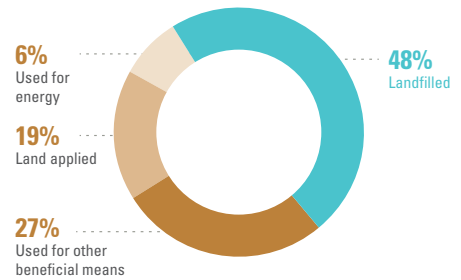
VISION 2020 GOAL

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

Waste to Landfill Intensity
 KILOGRAMS PER METRIC TON OF PRODUCTION



Waste by Disposal



307

ENVIRONMENTAL COMPLIANCE

Management Approach

In 2016, our Environmental Health and Safety (EHS) Management System Performance Standard and our Environmental Management System (EMS) Program Elements became effective. These standards required facilities to develop or improve their existing EMS, standardizing a basic set of 13 minimum expectations for all our mills. The standards include risk identification, goal and metric tracking, documentation, training, evaluation, community outreach and records management, among others. Our continuous EHS audit process is responsible for identifying areas of non-conformance with the EMS requirements. All mills are planned to be certified to the EMS standards by the end of 2017.

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

307-1

Non-compliance with Environmental Laws and Regulations

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

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

There were no significant fines or environmental non-compliances in 2016.

EMPLOYMENT

Management Approach

We continuously strive to improve the safety, well-being and professional growth of our global workforce. Our goal is to create and maintain an inclusive culture that attracts and retains the best team members and enables them to learn, grow and contribute to sustainable results. In 2016, we hired 7,383 new employees globally. This number includes 5,633 hourly employees, 1,020 exempt employees and 730 non-exempt employees. This total also includes 178 U.S. college students recruited during the 2015-2016 recruiting season.

Our employees are trained, educated and engaged individuals in engineering, manufacturing, converting, sales and business support. This talented workforce of 55,000 spans five continents and represents more than 20 languages. We seek to foster employee well-being and performance through a people-development process that includes engagement, health and wellness programs, training, business/region-specific people councils and a globally inclusive work environment.

We continue to build an increasingly diverse and inclusive environment in order to attract, develop and retain the best talent from all backgrounds and experiences. We are committed to providing a workplace free of discrimination, harassment and retaliation. We do not discriminate based on race, ethnicity, color, religion, sex, sexual orientation, marital status, age, disability, gender identity or expression, genetic information, national origin, military or veteran status, or any other classification protected by law. All actions relating to any aspect of employment and employment decisions – such as recruitment and hiring, training and development, rates of pay or other forms of compensation, transfer, demotion, promotion, layoffs and recalls, discipline and discharge – are free of any such discrimination or retaliation.

New Employee Hires and Employee Turnover

A new employee's first day on the job is among the most impactful of his or her career. These critical first hours make a lasting impression and can also affect the company's ability to retain talent.

In a focused effort to enhance performance, maximize engagement and help retain talent within the new hire community, International Paper implemented the Global New Employee Onboarding Program (GNEOP). The program is designed to help managers and human resource professionals ensure that new employees remain engaged and become contributing members of the organization. The implementation of GNEOP allows International Paper to use a singular onboarding method across all global locations, which will help improve the consistency and quality of the onboarding experience. Previously, we used different programs for training new employees about the company's principles and expectations. The program started in 2016 with new salaried employees and will expand in 2017.

New Hire Data	MEN	WOMEN
North America	82.9%	17.1%
Latin America	83.8%	16.2%
EMEA	73.4%	26.6%
India	83.3%	16.7%
Asia	64.0%	36.0%

In the United States, 40 percent of new hires are ethnic minorities. We do not track ethnicity data outside of North America.

Employee Turnover

	MEN	WOMEN
North America	14.0%	14.1%
Latin America	12.5%	3.1%
EMEA	7.4%	2.5%
India	8.5%	0.5%
Asia	27.0%	16.1%

Forty-eight percent of our employees have worked at International Paper for more than 10 years. To help reduce turnover, we plan to create a new exit interview process and implement an employee referral program in 2017.

OCCUPATIONAL HEALTH AND SAFETY

Management Approach

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

We focus on achieving accident-free operations by:

- Providing safe working conditions
- Ensuring safe work actions
- Training all employees to recognize and address safe and unsafe conditions
- Promoting accountability and responsibility for ourselves and our colleagues
- Maintaining an active safety mindset at work and at home

In 2016, we launched Safety Leading Indicators, a proactive approach to measuring progress in preventative safety efforts. All manufacturing and non-manufacturing sites now report quarterly on seven distinct leading indicators in order to help identify areas for improvement and/or where financial and personnel resources are needed to properly execute the programs we have in place. With our employees reporting an average of 27,000 safe work observations per month, we have identified several areas for continuous improvement.

Safety Leading Indicators works in conjunction with our LIFE (Life-changing Injury and Fatality Elimination) program, which aims to eliminate fatalities and serious injuries, such as concussions, fractures, burns or amputations.

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

The LIFE program has five major focus areas:

- Driver safety
- Machine safeguarding
- Exposure to harmful substances or environments
- Motorized equipment
- Working at heights/falls

While the number of LIFE injuries was flat in 2016, we operated the entire year without the loss of a single life.

403-2

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

We are pleased with our progress in safety, however, we are by no means satisfied. At International Paper, we believe that an injury-free workplace is possible, and that is our goal.

We use Occupational Safety and Health Administration (OSHA) reporting standards for our global operations.



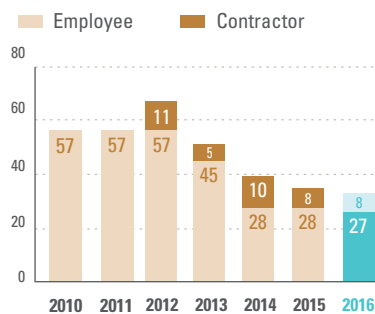
SAFETY PROGRESS

39% reduction
in serious safety incidents since 2010

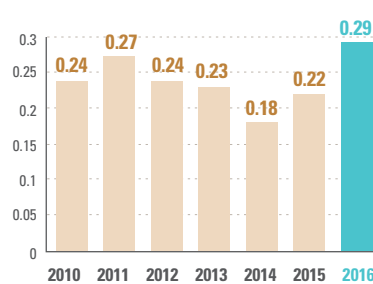
VISION 2020 GOAL

Injury-free workplace

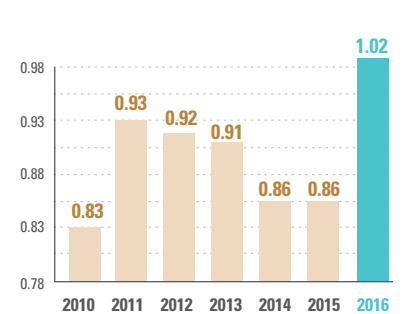
LIFE Incidents*



Lost Work Day Incident Rate



Total Incident Rate



0.47 Restricted or Lost Day Injury Rate

0.29 Lost Work Day Incident Rate

0.06 Occupational Disease Rate**

1.02 Total Incident Rate

* Data adjusted for mergers and acquisitions. Began collecting contractor life data in 2012

** Predominately hearing and ergonomic related injuries

TRAINING AND EDUCATION

Management Approach

We create and maintain a culture that welcomes diversity and allows employees to leverage their unique skills. We provide our colleagues the tools and opportunities to develop and succeed. We build skills and support professional growth through a variety of training and development programs focused on creating and sustaining a leadership culture with high ethical standards. Our leadership development efforts fall into three key areas:

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

Programs for Upgrading Employee Skills and Transition Assistance Programs

Global Manufacturing Training Initiative

To address the fact that in the next decade, we will experience a high rate of attrition, we created the Global Manufacturing Training Initiative (GMTI), an enterprise-wide effort designed to facilitate knowledge transfer during this time of transition. Through this effort, we developed a new recruitment and retention strategy, IP Works for Me, and an expanded new hire integration process, IP Ready. These programs have been designed to mitigate the impact of attrition and to establish a comprehensive, strategic new hire orientation and integration program that will help transform new hires into dedicated, productive and safe employees.

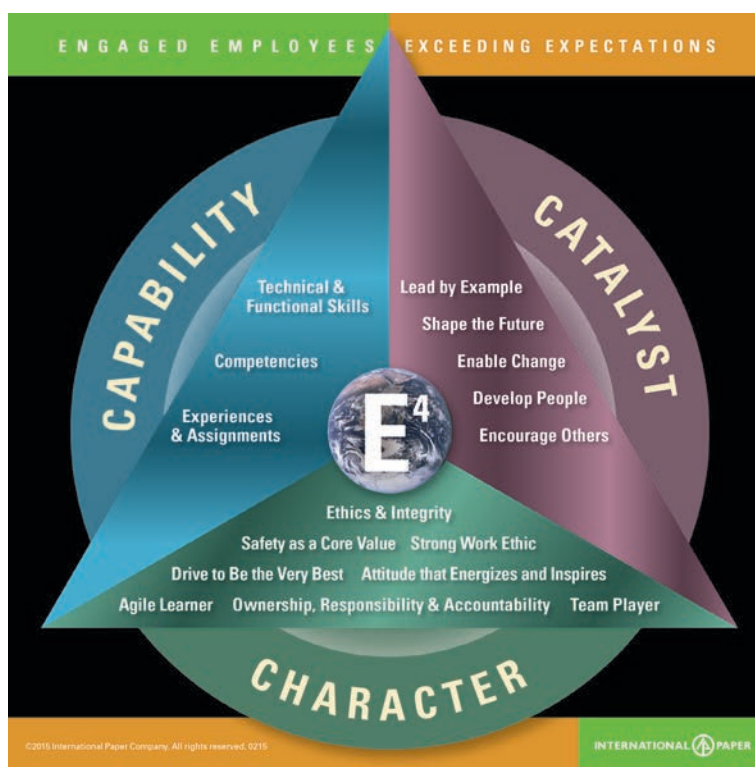
Leadership Institute

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

In 2016, 351 leaders were a part of our 15 Institute programs. Each program includes senior leadership participation, coaching and mentoring to ensure our key leadership expectations are being shared with and modeled by all levels of company leadership. Since 2005, more than 3,000 employees have participated in our Leadership Institute programs.

We will increase our number of Leadership Institute offerings in 2017 from 15 to 18 to accommodate more requests for leadership development slots. We anticipate hosting more than 450 people in our Leadership Institute programs. In 2016 the CEO's Senior Lead Team participated in our signature Leadership Institute program, the Chairman's Leadership Forum. We plan to invite additional officers to this program over the next few years.

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



First-Line Leader Development

First-line leaders are responsible for supervising teams of employees across the enterprise. This development program is available in nine languages.

IP Leadership I

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

IP Leadership II

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

IP Advantage Program

Our IP Advantage program seeks to identify and develop internal talent early in an employee's career. Program participants have significant upward growth potential. The experience connects participants with a range of talented leaders who share how work experiences and assignments contributed to their successful careers. Through open and candid discussions on career obstacles and opportunities, participants and leaders explore initiatives and actions to help maximize professional development and growth.

Additional Employee Development Resources

We also provide several development opportunities for employees:

- The Performance and Development Roadmap includes monthly or quarterly meetings to foster personal development, along with annual performance reviews.
- The Learning Management System provides all employees access to on-demand courses.
- Comprehensive Tuition Reimbursement Assistance Program encourages professional education.
- The 360 Review process allows employees to receive feedback on specific skills from internal/external colleagues, followed by meetings with trained facilitators who help devise development plans based on the results.
- The Leadership Learning Center supports formal and informal self-paced continual learning.

405

DIVERSITY AND EQUAL OPPORTUNITY

Management Approach

We promote a culture of inclusion, where individuals feel respected, are treated fairly and have an opportunity to do their best work every day. We believe that creating a workplace that embraces diversity and strives for inclusion is essential to promoting innovation and increasing team dynamics, productivity and, therefore, profitability. Our leaders are responsible for creating and maintaining diverse and inclusive teams that value individuality and collaboration. We are committed to providing a workplace free of discrimination, harassment and retaliation. We do not discriminate or allow any type of harassment against any of our job applicants or employees because of race, ethnicity, color, religion, sex, sexual orientation, marital status, age, disability, gender identity or expression, genetic information, national origin, military or veteran status or any other classification protected by law.

Our diversity and inclusion strategy includes:

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

Mentoring Boards

Our mentoring boards allow employees to share cultural perspectives related to the workplace via conference calls and online community resource websites. All employees are welcome to join our three mentoring boards: African American Mentoring Board, Hispanic and Latino Mentoring Board and Women in IP Mentoring Board.

The boards are designed to capitalize on the energy, passion and experiences of employees to improve both individual and company performance. Mentoring leaders share knowledge and encouragement to help members with personal and professional development.

The quarterly meetings hosted nearly 2,000 employees throughout 2016. We consistently look at opportunities to add mentoring boards where there is a significant level of employee interest. Veterans and working parents are being researched now, with anticipation of start up late 2017 or early 2018.

Inclusion Forums

Inclusion Forums are held twice a year with the goal of building diversity and inclusion champions, enhancing our ability to attract and retain the right talent in the right jobs, and establishing consistent inclusive leadership skills. In 2016, forum topics included workforce trends, diversity dialogues, managing diversity of personality and style, morale and workgroup cohesiveness as well as other topics relating to generational diversity and unconscious bias. There have been 733 Inclusion Forum attendees since program inception in 2013.

405-1

Diversity of Governance Bodies and Employees

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

	MEN	WOMEN
Board of Directors	83.3%	16.7%
Senior Lead Team	78.6%	21.4%
Officers	80.4%	19.6%

	UNDER 30	31-50	OVER 51
Board of Directors	0.0%	0.0%	100.0%
Senior Lead Team	0.0%	7.1%	92.9%
Officers	0.0%	24.1%	75.9%

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HUMAN RIGHTS ASSESSMENT

Management Approach

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

Our statement on employment eligibility and voluntary labor outlines our expectations of suppliers with regard to employment practices. Suppliers are expected to employ workers with a legal right to work. Workers must be free to terminate employment at any time upon reasonable notice. Suppliers must refrain from any conduct and require their 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. Suppliers must also comply with all laws governing human trafficking and slavery. We expect our suppliers to support the elimination of child labor and forced labor in their supply chains.

412-3

Significant Investment Agreements and Contracts that Include Human Rights Clauses or that Underwent Human Rights Screening

We expect suppliers to comply with our Supplier Code of Conduct as outlined in our standard terms and conditions. We continue to improve and develop a more robust supplier screening process. We recently included additional questions as part of our sourcing process to address the human rights and labor policies and practices of suppliers. Because this process is newly implemented, we do not yet have sufficient data to measure percentage of new suppliers screened.

Supplier Code of Conduct Summary



SAFETY

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

MAKE EACH DAY A **SAFE DAY**



ENVIRONMENTAL

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

USE RESOURCES **WISELY**



SOCIAL

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

VALUE **PEOPLE**



LEGAL/ETHICAL

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

ACT WITH **INTEGRITY**

LOCAL COMMUNITIES

Management Approach

International Paper created a strategic framework that guides our pursuit of our vision to be among the most successful, sustainable and responsible companies in the world. The framework outlines five Strategic Drivers: Sustaining Forests, Investing in People, Improving the Planet, creating Innovative Products, and delivering Inspired Performance. We call this The IP Way Forward.

As part of our commitment to Investing in People, we refined our community engagement strategy. At International Paper, Investing in People means making sustainable investments to protect and improve the lives of our employees and mobilize our people, products and resources to address critical needs in the communities where our employees live and work.

Our paper mills play important roles in their communities, where the mills are often among the largest employers. Each U.S. mill receives an IP Foundation budget allotment to use for charitable projects in their respective communities.

Our converting sites have fewer employees than our mills and are located in metropolitan areas. They receive Foundation allocations to fund local grants through their businesses. Recommendations are made by each site, but are managed by business communications managers. This helps us ensure we are addressing specific needs of our communities across our manufacturing and converting system.

IP Giving Structure and Governance

ORGANIZATION	ESTABLISHED	GOVERNANCE	FUNDING
International Paper Corp.	1898	IP Officers and Leaders	Company funded
IP Foundation (United States)	1952	IP Officers	Company endowments
Kwidzyn Foundation (Poland)	1994	IP Leaders	Annual company and employee contributions
Instituto International Paper (Brazil)	2007	IP Leaders	Annual company contributions
IP India Foundation	2013	IP Leaders	2 percent of the average profit of prior three years
Employee Relief Fund	2001	IP Officers and Non-officer Employees	Employee donations and company matching contributions

Operations with Local Community Engagement, Impact Assessments and Development Programs

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

Community Engagement

We continue to be a force for good in our communities. We mobilize our people, products and resources to address critical needs in our communities. Our employees lend their professional expertise by volunteering on nonprofit boards in their respective communities.

In 2016, the International Paper Foundation supported communities by contributing \$4.5 million to U.S. nonprofit entities.

We hold United Way campaigns in nearly 80 communities around the United States, and employees participate in United Way Day of Caring activities in those communities. In 2016, International Paper and its employees pledged \$3.7 million to United Way, including \$2.4 million in employee contributions and a \$1.3 million company match. In addition to the financial pledges, more than 350 International Paper employees volunteered a total of 1,200 service hours during United Way's Day of Caring. International Paper volunteers served at 13 nonprofit locations across the Mid-South during the Day of Caring, working on projects with United Way agencies and personifying the spirit of the United Way slogan, "Live United, Solve it Together."

Community Advisory Councils

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

Relationships with Schools

During the 2015-2016 school year, we hired 178 graduates for full-time U.S. positions in Engineering, Manufacturing, Information Technology, Finance, Supply Chain and Human Resources.

International Paper recruits at approximately 40 U.S. colleges and universities, and 60-70 percent of our U.S. recruits come from 11 core schools:

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

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

International Paper has a long history of offering internships and co-ops. In addition to 200 students gaining valuable hands-on experience in 2016, we also offered them opportunities to learn more about International Paper while providing them exposure to company leaders.

India

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

- **Collaborative Research Initiatives:** Includes work on common areas such as forestry, fiber sustainability, supply chain management, safety in forestry and paper industry, dependence of vulnerable communities on natural ecosystems for livelihood and subsistence, economic valuation of services provided by natural ecosystems and gender issues.
- **Partnership and capacity building of sectoral workforce:** Both organizations share information to develop training modules and knowledge products in the greater interest for local and national level current and future sectoral workforce.
- **Hosting visiting delegations:** Together, we facilitate exchange and hosting of distinguished academicians, civil servants and thinkers who deliver public lectures and conduct seminars and other activities related to forestry and other similar topics. These will be held to promote greater interaction and forge stronger links between academia and other related specialists and professionals.

Russia

International Paper Russia began working with SKOLKOVO Business School in 2010. Our Chairman and CEO Mark Sutton is on the SKOLKOVO International Advisory Board, and we have developed a strategic partnership under three main targets: talent development, strategic leadership, and sustainable development.

International Paper supports SKOLKOVO's educational programs and modules, including the SKOLKOVO MBA flagship program and the Kamchatka MBA Leadership module.

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

In partnership with SKOLKOVO, International Paper develops educational and research materials. In 2015, we jointly launched the educational book "Success. Leader. Action.", which contains an analysis of Russia's best business practices and is part of the SKOLKOVO MBA curriculum. In 2016, an almanac "Mapping Russia's business landscape: opportunities and challenges in a dynamic environment" was issued. The almanac is a structured collection of insights covering areas such as research, teaching methodologies, case studies and expert opinions, that all have one common thread – finding opportunity in an agile business development.

In May 2016, we extended our partnership with SKOLKOVO until 2019.

Brazil

Launched in 2010 in partnership with the lochpe Foundation, the Formare School in Brazil continues to grow and prosper. The school, established at our Mogi Guaçu and Luiz Antônio Mills in São Paulo, and Três Lagoas Mill, in Mato Grosso do Sul, provides educational and professional development for at-risk teenagers.

The program offers 10 months of specialized trade classes, giving high school sophomores and juniors a valid certificate of technical education from the Ministry of Education. Since the program's inception, more than 250 students have completed the training course, earning diplomas as Process Industry Production Assistants. The professional training course is a supplement to regular schooling. In 2016, Foremare engaged 248 student and volunteer educators. In addition, the Formare School includes 50 volunteer executives in the "Mire-se no Exemplo" ("Follow the Example") student tutoring program.

The Programa de Educao Ambiental has been held since 1983 in cities throughout Brazil's Luiz Antonio and Mogi Guacu regions, with more than 86,000 children and young people in the regions where we operate. It was initially created with a focus on primary school teachers and students, but in recent years the environmental education program has expanded to also include early childhood education and secondary school students, as well as special education students, the elderly, environment undergraduate and graduate students, and others. The program is aimed at strengthening ties between the Company and the communities where we operate, and contributing to the education of citizens engaged in advocating for the environment.

Book City is a program in Brazil that uses a thematic theatrical space designed to get kids excited about books. In addition to showing the importance of reading to kids, the project's approach enchants visitors through playful and educational activities so that reading really becomes a daily part of kids' lives.

The target audience is 6- to 10-year-old public school students. Children of International Paper employees take part in special editions held on weekends.

In 2016, Book City went to the regions where brown paper and packaging manufacturing facilities are located, like Manaus, state of Amazonas an Rio Verde and state of Goiás. This program is now in every region where International Paper Brazil has operations.



COMMUNITY INVOLVEMENT PROGRESS

\$17.3 million
donated to charitable organizations
in 2016*

VISION 2020 GOAL

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

* Includes \$3 million raised through employee giving and fundraising

PUBLIC POLICY

Management Approach

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

<p>ENERGY DIVERSITY AND EFFICIENCY</p> <p>We support policies that promote energy diversity and economic development, consistent with our principles of responsible, efficient, and sustainable use of natural resources.</p>	<p>BIOMASS CARBON NEUTRALITY</p> <p>Biomass energy is integral to manufacturing our products and biomass residuals are the primary source of energy in our mills. We urge policymakers to recognize our biomass use as carbon neutral.</p>	<p>RECYCLING</p> <p>As one of the world's largest recyclers of paper and corrugated packaging, we focus on ensuring that legislation does not hinder our ability to collect, market, or process recycled materials.</p>	<p>GLOBAL TRADE</p> <p>As a major exporter of packaging, pulp and paper, we have a long history of support for bilateral and regional trade agreements that offer substantive economic benefits and provide greater market access for our products.</p>
<p>CORPORATE TAX REFORM</p> <p>We believe in comprehensive, long-term tax reform that significantly reduces the corporate tax rate and creates a globally competitive system of international taxation.</p>	<p>INFRASTRUCTURE</p> <p>We support federal and private investments to upgrade energy, water and transportation infrastructure across the United States.</p>	<p>LACEY ACT COMBATING ILLEGAL LOGGING</p> <p>We are a leader and advocate of efforts to suppress illegal logging and trade. We will continue to play a constructive role in the implementation of the U.S. 2008 Lacey Act amendments to ensure a sustainable global fiber supply.</p>	<p>TRANSPORTATION</p> <p>As a leading shipper of freight, we support policies that make our truck, port and rail shipments more efficient and competitive.</p>
<p>EXTENDED PRODUCER RESPONSIBILITY</p> <p>We are committed to market-driven paper and paper-based packaging recovery and recycling efforts. We oppose government mandates that hold producers financially responsible for managing waste from products sold or that require manufacturers to take back products and packaging introduced into the marketplace.</p>	<p>POSTAL REFORM</p> <p>A healthy, vibrant U.S. Postal Service is important to our industry. Significant reforms are critically needed to improve USPS' balance sheet. Postage rate increases should only be considered in legislation when coupled with comprehensive reforms to the postal system.</p>	<p>PRODUCT BANS</p> <p>We oppose policies that limit consumer choice by placing a ban or fee on paper products.</p>	<p>WORKFORCE</p> <p>We support efforts at both the state and federal levels of government to focus on, fund and implement programs that address workforce education, the skills gap and training opportunities.</p>

415-1

Political Contributions

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

We also publish a voluntary report of political contributions on a semi-annual basis. For contribution information please see the governance website at internationalpaper.com. The Center for Political Accountability publishes an annual report called the CPA-Zicklin Index of Corporate Political Disclosure and Accountability that measures the political transparency and oversight practices of the entire S&P 500. In 2016, we improved our position within the First Tier to a top-five ranking for political disclosure and accountability and earned the new designation of CPA-Zicklin Trendsetter. International Paper is one of thirty-five companies in the S&P 500 to receive top-five rankings for political disclosure and accountability due to our voluntary reporting efforts.

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MARKETING AND LABELING

Management Approach

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

Complying with regulatory requirements is also critical in our choice of materials. In the European Union, the use of chemicals of concern is regulated by REACH legislation. European Union 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 continually monitor developments in these areas to ensure we comply with all regulations.

417-2

Incidents of Non-Compliance Concerning Product and Service Information and Labeling

We had no incidents of non-compliance with product safety regulations or voluntary codes concerning product and service information and labeling in 2016.

Custom Content Index

“IN ACCORDANCE” CORE

This GRI Content Index is provided to assist readers in understanding how our report aligns with the GRI Sustainability Reporting Standards. This index includes Core indicators as well as a number of additional indicators that we have determined are relevant to our business.

All data are reported as of Dec. 31, 2016, unless otherwise stated. Data are included from all global operations, including International Paper Africa, Asia, Brazil, Europe, India, and the Middle East. Vision 2020 Goals progress and numbers do not include sites acquired in 2016. Data will be included in next report. We do not collect data on any joint venture in which we do not have a controlling interest. Our 2010 baseline data, as well as other historical data, have 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.

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Measurement Techniques And External Assurance

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

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

Environmental data does not include the former Weyerhaeuser or Madrid, Spain mills which were acquired in 2016.

Glossary

Assurance

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

Biological Oxygen Demand (BOD)

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

Biomass Energy

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

British Thermal Units (BTU)

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

Carbon neutral

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

CDP

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

CO₂e, Carbon Dioxide Equivalent

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

Chain of Custody

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

Climate Change

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

Community Investment

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

Containerboard

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

Direct (Scope 1)

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

eGRID

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

EHS

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

Employment Classifications

Exempt Employee:

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

Hourly Employee:

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

Nonexempt Employee:

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

Energy Efficiency

Using less energy to provide the same outcome. Energy efficiency can reduce the financial and environmental impacts of product use.

EU Timber Regulation

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

Fair Labor Standards Act (FLSA)

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

Fluff Pulp

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

The Foreign Corrupt Practices Act

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

Fossil Fuels

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

Global Reporting Initiative (GRI)

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

Greenhouse Gas (GHG)

A gas in the atmosphere that absorbs and emits radiation.

Indirect (Scope 2)

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

International Paper APPM Limited

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

The IP Way Forward

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

LIFE

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

Lost Work Day Incidents

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

Material Aspects

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

Materiality Analysis

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

Non-Governmental Organization (NGO)

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

NO_x

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

Occupational Disease Rate

The frequency of a disease arising from the work situation or activity (e.g., stress or regular exposure to harmful chemicals), or from a work-related injury.

Old Corrugated Containers (OCC)

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

OSHA

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

PAC

Political Action Committee. A group or committee formed to financially support candidates for elective office in the United States.

Paperboard

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

Paris Climate Agreement (French: Accord de Paris)

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

Particulate Matter (PM)

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

Precautionary Principle

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

Renewable Resources

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

SO₂

Sulfur dioxide is a gas formed when fuels that contain sulfur, such as oil and coal, are burned. Sulfur dioxide contributes to the acidification of soil and water and often has a strong smell. When combined with water in the air, it produces a weak, corrosive sulfuric acid - an ingredient of acid rain.

Stakeholders

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

Sustainability

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

Turnover

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

UK Bribery Act

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

U.S. Lacey Act

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

Value Chain

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

Vision 2020 Goals

We recognize the importance of aligning our business with the needs of the world around us and we're committed to continuous improvement and transparency around our sustainability goals. We set 12 voluntary goals with a 2010 baseline aimed at improving our impact on people and the planet, and are happy to share our progress.

To find out more about our Vision 2020 Goals, go to: internationalpaper.com



FIBER CERTIFICATION PROGRESS

31% increase
in certified fiber volume

VISION 2020 GOAL

Increase third-party certified fiber by 35%



RECYCLING PROGRESS

17% increase
in recovery of OCC

VISION 2020 GOAL

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



SAFETY PROGRESS

39% reduction
in serious safety incidents

VISION 2020 GOAL

Injury-free workplace



COMMUNITY INVOLVEMENT PROGRESS

\$17.3 million
donated to charitable organizations in 2016*

VISION 2020 GOAL

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



ENERGY EFFICIENCY PROGRESS

6.4% improvement
in purchased energy efficiency

VISION 2020 GOAL

Improve efficiency in purchased energy use by 15%



SUPPLY CHAIN PROGRESS

Established baseline supply chain performance and implemented improvement plans

VISION 2020 GOAL

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



WATER STEWARDSHIP PROGRESS

Mapped water use and risk by location, identified priority mills and initiated annual stakeholder and facility assessments

VISION 2020 GOAL

(restated in 2016)

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



FIBER EFFICIENCY PROGRESS

0.79% fiber loss
from reporting mills

VISION 2020 GOAL

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



GHG EMISSIONS PROGRESS

19% reduction
in GHG emissions

VISION 2020 GOAL

Reduce GHG emissions by 20% (direct and indirect)



AIR EMISSIONS PROGRESS

23% reduction
in air emissions

VISION 2020 GOAL

(restated in 2016)

Reduce air emissions (PM, SO₂, NO_x) by 30%



WATER QUALITY PROGRESS

28% decrease
in oxygen-depleting substances

VISION 2020 GOAL

Reduce mill wastewater discharges of oxygen-depleting substances to receiving streams by 15%



SOLID WASTE PROGRESS

11% reduction
in manufacturing waste to landfills

VISION 2020 GOAL

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



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