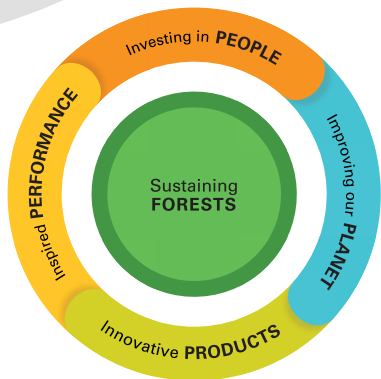




2018 SUSTAINABILITY REPORT



THE IP WAY FORWARD

Here is our Sustainability Report from our 2018 activities. In this edition, International Paper performance is presented in an objective and straight-forward manner to make it easier to read and understand its most relevant actions.

The initiatives are divided into our strategic pillars, those that guide us to achieve our vision of being among the most successful, sustainable and responsible companies in the world.

In this Report you will find data and information from 2018 which prove that: doing the right things, in the right ways, for the right reasons, all of the time, is worthwhile. That is the result of the IP Way in practice.

ENJOY YOUR READING!

Rodrigo Davoli, IP Brazil President and Vice-president of the UFS Business in Latin America

Márcio Bertoldo, Vice-president of Manufacturing in Brazil

Santiago Arbelaez, Vice-president of the Packaging Business in Brazil

International Paper 03

IP in Brazil 04

Investing in PEOPLE 05

Improving our PLANET 09

Inspired PERFORMANCE 13

Sustaining FORESTS 17

Innovative PRODUCTS 22

INTERNATIONAL PAPER

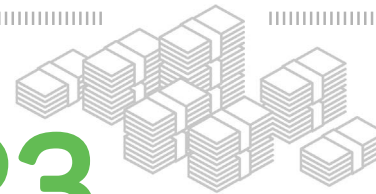
We are a leading global producer of renewable fiber-based packaging, pulp and paper products. With manufacturing operations in North America, Latin America, Europe, Africa, India and Russia, we produce corrugated packaging, pulp for diapers, tissue, personal hygiene products and papers that facilitate education and communication.

IN BRAZIL, OUR BUSINESSES ARE UNCOATED FREE SHEET (UFS), CONTAINERBOARD AND CORRUGATED PACKAGING.

Headquarter in **MEMPHIS**  **TN**



Net sales
in 2018: **23**
US\$
BILLION





UNCOATED FREE SHEET (UFS)



- Luiz Antônio ↑
- Mogi Guaçu ↑



- Três Lagoas*



Eucalyptus planted forests

*integrated pulp system



CONTAINERBOARD



- Franco da Rocha
- Paulínia
- Nova Campina



CORRUGATED CARDBOARD SHEETS AND BOXES



- Paulínia
- Suzano



- Manaus



- Rio Verde



CORPORATE OFFICE



- São Paulo

IN BRAZIL



***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***

Investing in **PEOPLE**

100% engagement at IP

Having every employee committed to engagement is very important to us and is part of our IPWay Forward.

And for that to happen, we created MyView, a global movement that reinforces our employees' engagement. That project is intended to build an culture of exceptional engagement, taking into account everyone's view.



2017



Launching the **MYVIEW ENGAGEMENT SURVEY** across all mills in Brazil to understand all employees' perceptions about IP.



2018

Preparing the **LEADERSHIP** to read the results of the survey.



Formulating **ENGAGEMENT PLANS FOR LEADERS** with their **TEAMS**.



900+



ENGAGEMENT PLANS DEVELOPED

“

“In an environment of high engagement we can extract our best and achieve excellent results. MyView helps us understand how our current level of engagement is and where opportunities for improvement are. It is the time we can be heard and help further strengthen the engagement culture.”

Gabriela Tonon,
IP





Committee of VOLUNTEERS

Helping people can transform many lives. International Paper has always encouraged volunteer work, and supported by the IP Institute, this activity has gained even more strength with the creation of Committees of Volunteers across IP facilities in Brazil. More than 300 employees have supported several causes to help people and institutions.

Among the various actions carried out, there was the library renovation in municipal public schools, collection of diapers for hospitals and even support for refugees to enter the marketplace.



1,700+
PEOPLE
benefited.

MEMBERS OF
250 FAMILIES,



including refugees, have had guidance on how to be placed in the market in Três Lagoas (MS).

800
STUDENTS

benefited from the library renovation in a school in Mogi Guaçu (SP).



300+
VOLUNTEERS
from IP involved in several causes.



“The actions performed by the Committee of Volunteers have helped the people assisted to rediscover value in themselves, to believe they can change their lives, and to give the volunteers an experience of helping and finding different realities. No one remains the same after such an experience.”

Larissa Leodoro, IP

INTERNATIONAL PAPER Foundation

The IP Foundation is intended to mobilize, engage and generate value for communities, partners and employees in order for them to participate in education and social responsibility programs, benefiting the regions where we operate.



2018

Performing with
7 PROGRAMS

R\$ 1.4
MILLION
investment

8,000+
people benefited
from projects



30

former students
from Formare
project hired by IP

OVER THE LAST

11 YEARS



R\$ 10
MILLION +
invested

About
277,000
people impacted
across **BRAZIL**



INVESTING IN PEOPLE

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

Improving our **PLANET**

IP & WWF

IP has established a partnership with WWF-Brazil (World Wide Fund for Nature) to carry out an ecological restoration project in the Mogi Guaçu River Basin. The objective is to invest in responsible forest management, providing conservation, restoration of the forest and awareness of the importance of the area for the community.

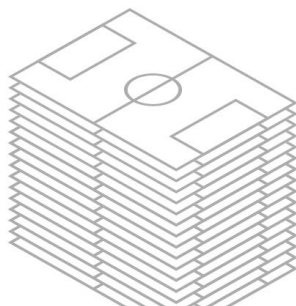
BY 2022,

the partnership
aims at restoring
an **area** of

100
HECTARES,
equivalent to



140
SOCCER
fields.



Contributing to the protection
of springs, ciliary forests and
local biodiversity.




"The cooperation between WWF-Brazil and IP to restore the springs in the Mogi Guaçu basin, located in the Atlantic Forest, is an example of joint action that promotes and contributes to the protection of springs, ciliary forests and local biodiversity. This partnership encourages a real improvement in the life of society and highlights the main role of the private sector in developing actions that involve all players in the regions where they operate."

Daniel Venturi,
WWF




The world of **RECYCLING**

The Recycling World is a project developed by IP in partnership with Ingredion, a leading company in solutions and ingredients, aimed at raising awareness among young people and their families about how correct disposal and recycling can contribute to the sustainable development of the region where they live.

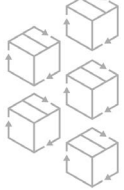


Implementation of
SELECTIVE COLLECTION
in **5 SCHOOLS**
in Mogi Guaçu (SP)

1.4 TON
of recyclable materials
collected



IN **6 MONTHS**



Social environmental **CERTIFICATIONS**

All IP's attention and commitment to Brazil and international environmental laws and standards are also proven in its certifications granted by recognized and respected entities in Brazil and worldwide.



FSC®

FSC® Certification (Forest Stewardship Council) is an internationally recognized guarantee system that identifies products originated from good forest management. That "green seal" is present in more than 75 countries.

Cerflor

CERFLOR, the certification of sustainable forest management, controlled by Inmetro, evaluates the mechanisms adopted by companies that exploit the market of planted and native forests and that need to comply with the adopted practices regarding technical, social and environmental aspects.





Water use **EFFICIENCY**

Water is a natural and valuable resource for us and for future generations. Therefore, throughout our process, we treat the water used so it is returned to nature with the same purity.

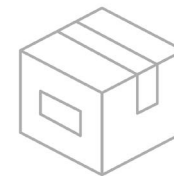


95%



OF THE WATER VOLUME USED

is returned to the water bodies as effluents treated in UFS facilities.



Packaging

85%

**OF THE WATER
VOLUME USED**

in the Packaging facilities is also returned.

The rest of the water volume remains in our products or returns to the atmosphere by evaporation.

The background image shows an industrial facility, likely a pulp mill, with a tall tower and various pipes and structures. A Brazilian flag is flying on a pole in the center. The image is overlaid with large, semi-transparent yellow and white circular shapes. The text "Inspired PERFORMANCE" is prominently displayed in the center-left.

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



2020 Sustainability GOALS

IP has made a commitment to face the sustainability challenges transparently, therefore, it has set:

12
VOLUNTARY GOALS
to improve its impacts.




ALL GOALS ARE GLOBAL,
having 2010 as the base year



and the different facilities around the globe, including Brazil,
WILL CONTRIBUTE ACCORDING TO THEIR OWN POTENTIALS.



|||||||

2020
Goals
|||||||

ENERGETIC EFFICIENCY

- Improve efficiency by 15% in the use of acquired energy.
- 8.9% improvement in energetic efficiency.

|||||||

2018
|||||||

GREENHOUSE GAS (GHG) EMISSIONS

- Reduce by 20% (direct and indirect) greenhouse gas emissions.
- By 2018, there was a 21% reduction.

ATMOSPHERIC EMISSIONS

- Reduce 30% of atmospheric emissions (MP, SOx, NOx).
- By 2018, there was a 46% reduction.

WATER QUALITY

- Reduce by 15% the discharge of effluents containing oxygen-depleting substances.
- By 2018, there was an 18% reduction.



2020 Sustainability GOALS

2020 Goals

2018



WATER USE

- Integrate water management groups and engage communities to address watershed issues (Updated in 2016).
- The governance team for water handling was formed. Developing studies to assess water risks with 65% of manufacturing units involving local communities.

FIBER CERTIFICATION

- Increase by 35% the volume of certified fiber.
- Exceeded: 44%.

FIBER EFFICIENCY

- Reduction of fiber losses in the production process.
- The fiber loss percentage in manufacturing units in 2018 was 0.7498%.

COMMUNITY ENGAGEMENT

- Measure and report our engagement with and contribution to the communities where we work.
- More than US\$21 million* donated to charitable organizations in 2018.

*An additional of more than US\$2 million in donations from employees.

SOLID WASTE

- Reduce by 30% manufacturing waste destined to landfills.
- By 2018, there was a 15% reduction.

RECYCLING

- Increase OCC recovery by 15%.
- Exceeded: 50%.

SUPPLY CHAIN

- Establish processes promoting transparency, managing risks, monitoring and identifying opportunities to collaborate with suppliers.
- Continuous improvement of policies and procedures to manage more responsible suppliers.

SAFETY

- Guarantee a workplace free from injuries.
- 35% of reduction in serious incidents in the workplace.

Our sustainability goals are already being reviewed for 2030!

GLOBAL RECOGNITION

In 2018, IP achieved important International recognition for its performance.

FORTUNE
WORLD'S MOST
ADMIRABLE
COMPANIES 2018

Fortune Magazine nominated IP as one of the "World's Most Admired Companies®" in 2018 for the 15th time over the last 16 years.

2018
WORLD'S MOST
ETHICAL
COMPANIES™
WWW.ETHISPHERE.COM

2018 World's Most Ethical Companies nominated by the Ethisphere Institute. IP has been part of this list for the 12th consecutive year.

**Institutional
Investor**

Institutional Investor Magazine – "2018 Most Honored Companies" in the Paper and Packaging Sector.



INSPIRED PERFORMANCE



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***



CARBON FOOTPRINT

in Eucalyptus planted forests

IP's Eucalyptus planted forests capture 6 tons of CO₂ at every ton of paper produced, which is equivalent to the amount of CO₂ produced by a city of approximately 765,000 inhabitants per year.



25,000
HECTARES



of preservation of the
biodiversity and native
forests.



71,000 HECTARES

destined to Eucalyptus
consumption.



70,000+
Eucalyptus seedlings
planted
per day.



“

“This is a partnership that has really worked well for both sides, but mainly for environmental sustainability, grounded in scientific research. It has also provided International Paper with credibility in its activities and environmental licensing and compliance.”

Luiz Mauro Barbosa
Botanical Institute of São Paulo



20 YEARS OF PARTNERSHIP with the Botanical Institute of São Paulo



Instituto de Botânica

Two decades ago, when the partnership began, IP and the Botanical Institute of São Paulo created technical parameters to improve public policies in São Paulo. The joint work also guided restoration techniques for the company's natural areas.

100+

**NATIVE TREE
SPECIES**

preserved at São Marcelo
Forest Park PRNH, in
Mogi Guaçu (SP).





GREAT KISKADEE Program



Among the number of actions of forest management, the Great Kiskadee program monitors the presence of wild animals in Eucalyptus forests and natural areas from IP and its forest partners. The program has contributed to raising awareness and having the engagement of employees and third parties in protecting and conserving biodiversity.



MANAGEMENT Plan

The main objective of the Management Plan is to guarantee the sustainable production of wood to supply paper and pulp production units, using forest resources rationally, preserving natural ecosystems and sustaining the forest business in the short, medium and long term.



71 WATCHERS

266
sightings of
WILD ANIMALS.



437 ANIMALS,
from **90**
SPECIES,



including birds,
mammals, reptiles,
amphibians and
invertebrates.

Private Reserve of NATURAL HERITAGE (PRNH)

The commitment to sustainability is one of the main focuses of IP. That is proven by creating PRNHs, where the company voluntarily engages in protecting a forest area located in its property perpetually.



"It is our nature to contribute to the expansion of officially protected natural areas, and, in such context, IP has played its part."

Miguel Magela,
IP

Águas Perenes Forest

PRNH
Brotas (SP)

■ 793 hectares

It contributes to the conservation of the cerrado biome and maintenance of the watersheds and water basins in the region.

■ 1 Hectare = 10,000 m²

São Marcelo Forest Park

PRNH
Mogi Guaçu (SP)

■ 187 hectares

Area studied by the Botanical Institute, fully reforested, the reserve integrates a program between IP and the Secretariat of Environment of the State of São Paulo.

Paineira

PRNH
Espírito Santo do Pinhal (SP)

■ 50 hectares

Maintained with the objective of conserving regional biodiversity, studies carried out in the area have identified 83 tree species and 98 species of wild animals, including birds and mammals.

Mata dos Macacos

PRNH
Conchal (SP)

■ 92 hectares

It has a floristic wealth consisting of 96 tree species, which contribute to the diversity and functionality of the ciliary vegetation. A total of 75 species of fauna have been identified, including birds and mammals.

Robson Laprovitera Forest Engineer

PRNH
Mogi Guaçu (SP)

■ 222 hectares

In recognition process since 2017, located on the banks of the Mogi Guaçu river, the reserve has contributed to the conservation of local natural resources.

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

Innovative PRODUCTS

Renewable and certified **RAW MATERIAL**

IP manufactures its papers by using raw materials from

100%
**RENEWABLE
AND CERTIFIED**

forests to ensure customers have responsibly originated products.

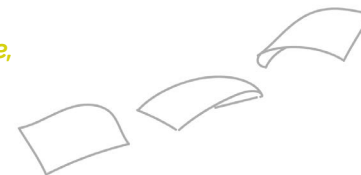


"Our daily challenge is to care for our customers as we care for our employees. That is what Think the Customer means."

Jefferson Leite,
IP

PENSE *como* CLIENTE
— A TODO MOMENTO. A CADA EXPERIÊNCIA. —

Think the Customer is part of our daily lives. In this way, it is worth remembering that taking care of our customers is something that begins long before delivering a product and must go through the entire production chain. And it is out of the commitment to deliver nothing less than the best that Think the Customer came up, encouraging a responsible and proactive attitude from every employee, regardless of their sector or facility.

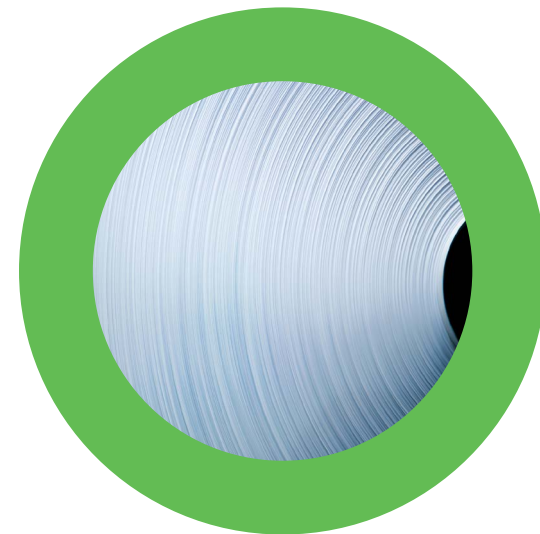


PRINTING AND CONVERSION Papers



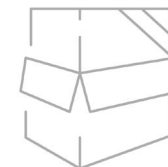
Chambril Offset Paper

IP's full range of offset papers are FSC® and/or Cerflor certified. The certifications prioritize that the fiber used in the raw material of our products comes from certified planted forests. Besides, they are additional guarantees of the quality of our production process and the provenance of our products.



Corrugated packaging

IP produces a wide variety of models, formats and closures, developed according to the customers' needs to meet transportation and safety standards of packed products.



CONTAINERBOARD



Testliner

Paper made in two layers, with a mixed composition of virgin and recycled fibers. It can be used both inside and outside the packaging.



White Top

Paper made in two layers, with virgin fibers. Its homogeneous surface enables high definition printing and offers sophistication to packaging.



Kraftliner

Paper made from unbleached virgin fibers. Recommended for packaging that requires physical resistance, high performance in machines and excellent printing capacity.



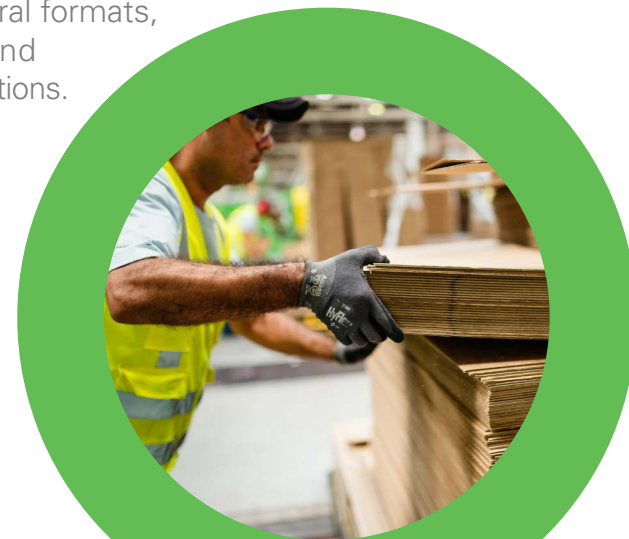
Corrugated sheets

Produced in several formats, types of paper and technical specifications.



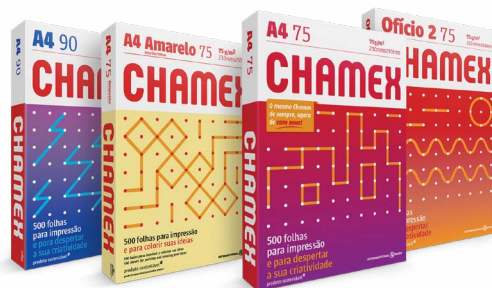
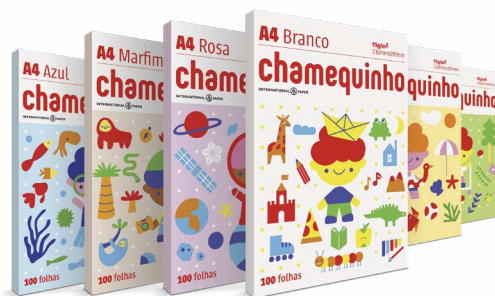
Fluting

Paper made from 100% recycled fibers. Used in packaging structures, these papers can undergo special chemical treatments, increasing their moisture resistance.



Branding positioning for Chamex!

Intended to trigger people's creativity at work and at school, IP has adopted a new positioning for the Chamex brand. With that, the packaging of the products start having a new visual identity, and the brand adopts a new slogan: "Create your role in the world."



In this new phase, Chamequinho starts being a sub-brand of Chamex. The mascot becomes a character who changes clothes, color and identity according to different universes.

"On a blank sheet of paper, we become inventors of solutions, design projects and learn how to innovate. Connecting the dots between our ideas is what makes us creative. We have brought up that concept and this invitation to Chamex packaging."

Tayla Monteiro,
IP



internationalpaper.com • institutoip.com.br • adoropapel.com.br

 [adoro.papel](https://www.facebook.com/adoro.papel)