Sustainability and Forestry at International Paper
Agenda

- International Paper
- Sustainability at IP
- Sustainable Forestry
- Summary
Who We Are

- Global Headquarters: Memphis, Tennessee
- 2012 Revenue: $28 billion net revenue
- Employees Worldwide: 70,000
Strong positions in Russia through JV with Ilim Group

One of the largest local pulp and paper companies

- 1 mill in Svetogorsk, Leningrad region
- Office papers, board, pulp (600 th tons)
- 48% of office papers market
- Over 2,000 employees
- >$700 million invested since acquisition

- 3 mills: Koryazhma, Bratsk and Ust-Ilimsk
- 2.6 mln tons of pulp, paper and packaging
- IP holds a 50% stake
- 20,000 employees
- Key markets: Russia, China, Europe, S.East Asia

New Paper Machine in Koryazhma ($270mLn)
Pulp mill expansion in Bratsk ($700mLn)
SUSTAINABILITY AT INTERNATIONAL PAPER
Managing our environmental footprint

- Wastewater discharges
- Air pollutant emissions
- Solid wastes
- Wood use efficiency
- Forest certification
Our Sustainability Goals

2020 Voluntary Sustainability Goals

01 15% Improvement of energy efficiency in purchased energy use

02 20% Reduction in GHG Emissions
   Absolute reduction in global GHG emissions (Scope 1 and 2) associated with the production of our products

03 15% Accident-free workplace

04 Increase Fiber Efficiency
   Global increase in third party certified fiber volume

05 Reduce fiber loss throughout the manufacturing process to world-class levels of less than 0.75%

06 10% Reduction in criteria pollutant emissions by aligning with our Energy Efficiency initiatives

07 15% Reduction in mill wastewater discharges of oxygen depleting substances to receiving streams

08 Reduce Water Usage
   Map water usage through our manufacturing locations by 2013; develop site specific plans by 2015 in strategic watershed areas to reduce use by 2020

09 15% Increase in the recovery of Old Corrugated Containers (OCC) by exploring new sources and diverting usable fiber from the landfill

10 Reduce Waste
   Assess options to reduce the generation and disposal of manufacturing waste from our processes by 2013; develop site specific plans by 2015 to support an enterprise reduction goal by 2020

11 Supply Chain Performance
   Establish baseline supply chain performance and implement plans to improve by 2015

12 Charitable Support
   Measure and report on our charitable support for education, literacy and health and human services in the communities where we operate

Common Goals for the Common Good
SUSTAINABLE FORESTRY In RUSSIA
Wood is an essential raw material for paper globally.

- **Trees**
  - Hardwood
  - Softwood

- **Pulp**
  - Kraft pulp (chemical process)
  - BCTMP/Mechanical (chemical + mechanical)
  - Bleached pulp (white)
  - Un-bleached pulp (brown)

- **Finished products**
  - Packaging
  - Print & Writing
    - Rolls
    - Cut size
  - Tissue
Sustainable Forestry is essential to business, people and the planet

- Environment
- Economy
- Social

Sustainable Forest Management (SFM) is a basis for sustainable development
Russia’s forest resource is huge
~30% of the world’s commercial softwood

Commercial Growing Stock on Forest Area¹)

Total 342 billion m³
- Softwood 104
- Hardwood 238

1) Volumes for Latin America, Asia (excluding Japan and China), Oceania and Africa refer to total growing stock on forest area, Canada refer to stocked non-reserved forest area (not all commercial)
SFM in Russia
an integrated system of “building blocks”

- Socio-economic development
- Increase forest quality & productivity
- Protect high conservation value forests

Each “building block” needs attention in Russia
Benefits of SFM in Russia

Huge potential to increase forest yield
- Wood yield in Finland is higher than NW Russia (~0.5 vs ~3.0 m³/ha/yr; METLA)

People and the economy
- New jobs and taxes
- Regional development
- Stimulate investments
- Sustainable products
- “Made in Russia”

Environment
- More wood from less land
- Better use of roads
- Conservation options
- Forest certification
IP Russia

Committed to certification and dialogue

- FSC Chain of Custody certified: 2009
- FSC Forest Management certified: 2012
- Promoting certification with suppliers
- Goal - all products certified by 2015
- Dialogue with stakeholders ongoing
Summary

• Sustainability is in everyone’s interest
  – 9 billion people will be counting on us by 2050

• ”Cornerstones” must work together
  – Social
  – Environment
  – Economic

• Forest sustainability in Russia
  – Development in the early stages
  – Time is right for action
  – Government needs the will to change
Thank you for your attention!