


INTERNATIONAL PAPER COMPANY

MEETING DATE	Mon, 11 May 2020 11:00 am	TYPE	AGM	ISSUE DATE	Fri, 01 May 2020
MEETING LOCATION	Tower IV, 1740 International Drive Memphis, Tennessee 38197, Virtual Meeting: , www.virtualshareholder meeting.com/IP2020				
CURRENT INDICES	S&P500				
SECTOR	Paper mills				

PROPOSALS		ADVICE
1a	Elect Director William J. Burns Independent Non-Executive Director. Support is recommended.	For
1b	Elect Director Christopher M. Connor Independent Non-Executive Director. Support is recommended.	For
1c	Elect Director Ahmet C. Dorduncu Non-Executive Director. Not considered independent owing to a tenure of over nine years. Although, there is sufficient independent representation on the Board, he is a non-independent member of the Audit committee which Triodos does not support.	Oppose
1d	Elect Director Ilene S. Gordon Senior Independent Non-Executive Director. Support is recommended.	For
1e	Elect Director Anders Gustafsson Independent Non-Executive Director. Support is recommended.	For
1f	Elect Director Jacqueline C. Hinman Independent Non-Executive Director. Support is recommended.	For
1g	Elect Director Clinton A. Lewis, Jr. Independent Non-Executive Director. Support is recommended.	For
1h	Elect Director Kathryn D. Sullivan Independent Non-Executive Director.	For
1i	Elect Director Mark S. Sutton Chair and CEO. Combined roles at the head of the Company. There should be a clear division of responsibilities at the head of the Company between the running of the board and the executive responsibility for the running of the Company's business. No one individual should have unfettered powers of decision. Combining the two roles in one person represents a concentration of power that is potentially detrimental to board balance, effective debate, and board appraisal. Opposition is therefore recommended.	Oppose
1j	Elect Director J. Steven Whisler Non-Executive Director. Not considered independent owing to a tenure of over nine years. He is a non-independent member of the Remuneration committee which Triodos does not support.	Oppose
1k	Elect Director Ray G. Young Independent Non-Executive Director. Support is recommended.	For
2	Appoint the Auditors Deloitte proposed. Non-audit fees represented 15.73% of audit fees during the year under review and 24.64% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor. The current auditor has been in place for more than ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. Opposition is therefore recommended.	Oppose

3 Advisory Vote on Executive Compensation

Oppose

The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment.

Specific performance targets for all long-term awards have not been adequately disclosed. Maximum long-term award opportunities are not limited to 200% of base salary, which raises concerns over the potential excessiveness of the remuneration structure. Retention awards make up a significant portion of the long-term incentives and therefore the scheme does not link pay to performance. Performance shares have a three-year performance period, which is a market standard.

The compensation rating is: DDA.

Triodos opposes this resolution.

4 Shareholder Resolution: Written Consent

Oppose

It would be preferred that Extraordinary General Meetings be the means of discussing topics in-between AGMs. Acting by Written Consent does not encourage and facilitate broader and responsible participation of shareholders in decision-making. It is considered that this practice disadvantages minority shareholders. Furthermore, Acting by Written Consent may be used to force hostile take-overs, which is not considered appropriate.

Triodos opposes this resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 3 - Advisory Vote on Executive Compensation

Disclosure: D The Company has provided the level of fees paid to the Compensation Consultants. The disclosure of these fees is encouraged in the interests of greater transparency. The performance metrics used to award the Annual bonus have not been disclosed. Specific performance targets for all long-term awards have not been adequately disclosed.

Balance: D The Company uses adjusted performance metrics for most elements of compensation. The use of non-GAAP metrics prevents shareholders from being able to assess fully whether the performance targets are sufficiently challenging. The Company does not consider non-financial metrics in its assessment of performance. For the year under review, annual bonus payouts are considered to be excessive as they represent more than 200% of base salary. The Company uses only one performance metrics to determine the payout of performance awards. Instead of the use of a sole performance metric, it would be preferred that payout be linked to at least two or more performance metrics, with the inclusion of an non-financial performance criteria. Performance metrics are replicated under different incentive plans, raising concerns that executives are being rewarded twice for the same performance. Maximum long-term award opportunities are limited to 200% of base salary, which is considered as acceptable practice. Maximum long-term award opportunities are not limited to 200% of base salary, which raises concerns over the potential excessiveness of the remuneration structure. Retention awards make up a significant portion of the long-term incentives and therefore the scheme does not link pay to performance. Performance shares have a three-year performance period, which is a market standard. However, a five-year performance period is considered best practice. Executive compensation is aligned with peer group averages.

Contract: A The Company maintains a supplemental executive retirement plan for the benefit of certain officers; which is not in line with best practice. Cash severance is limited to three times base salary; which is welcomed. Change-in-control payments are subject to double-trigger provisions. Good reason has been appropriately defined. Equity awards are subject to pro-rata vesting, which is line with best practice. The claw-back policy is considered appropriate as it applies to short- and long-term incentives, and is not limited to cases of financial misstatement.

Proposal 4 - Shareholder Resolution: Written Consent

Proponent's Argument

Resolved, Shareowners ask our board to take the steps necessary (unilaterally if possible) to amend our bylaws and each appropriate governing document to give holders in the aggregate of 10% of our outstanding common stock the power to call a special shareowner meeting. Shareholders, in addition to our directors, will thus have a right to call a special meeting. A special meeting allows shareowners to vote on important matters, such as electing new directors that can arise between annual meetings. For instance Anders Gustafsson, who joined the Board in 2019, was rejected by

30-times as many shares as each of 6 other International Paper directors. This proposal topic won more than 70%-support at Edwards Lifesciences and SunEdison. This proposal topic, sponsored by William Steiner, also won 78% support at a Sprint annual meeting with 1.7 Billion yes-votes. Nuance Communications (NUAN) shareholders gave 94%-support in 2018 to a rule 14a-8 proposal calling for 10% of shareholders to call a special meeting. The current stock ownership threshold of 20% can mean that more than 40% of shareholders must be contacted during a short window of time to simply call a special meeting. Plus many shareholders, who are convinced that a special meeting should be called, can make a small paperwork error that will disqualify them from counting toward the 20% ownership threshold that is needed for a special meeting. Plus our shareholder rights are limited by the restricted International Paper version of the shareholder right to act by written consent. It could be called a self-destructive version of written consent. For instance 20% of shareholders must first deliver burdensome paperwork to simply ask that a record date be set and meanwhile they must give up their direct contact information. Thus management has a fish-in-a-barrel chance to try to convince a critical mass of the 20% of shares that they should revoke their written consents. At the same time the depleted ranks of initial written consent shareholders still have the burden of getting the support of 51% of shares in a limited amount of time. Any claim that a shareholder right to call a special meeting can be costly - may be moot. When shareholders have a good reason to call a special meeting - our directors should be able to take positive responding action to make a special meeting unnecessary. This proposal deserves added attention due to the lackluster performance of our stock which was at \$46 way back in 2007.

Company's Argument

Our Existing Special Meeting Right Reflects the Input of Our Shareowners, Who Have Repeatedly Rejected a Special Meeting Right with a 10% Ownership Threshold. We amended our By-Laws in May 2010 to permit shareowners owning 20% of the Company's outstanding stock to call a special shareowner meeting upon written request to the Board. The Board proposed this amendment after a review of best practices in corporate governance and shareowner interest in the matter, including a shareowner proposal requesting that our By-Laws be changed to allow 10% of the shareowners the right to call special meetings. This amendment was overwhelmingly approved by an affirmative vote of 99% of our shareowners. Moreover, at our 2018 and 2019 annual meetings of shareowners, our shareowners again defeated proposals nearly identical to the current proposal, which sought to give holders of 10% of our stock the power to call a special meeting of shareowners. It is also worth noting there was a year-over-year decline in voting for these unsuccessful proposals the past two years. A 20% Ownership Threshold Provides a Procedural Safeguard Against Abuse, Corporate Waste and is Consistent with Overwhelming Market Practice. The Company's existing shareowner right to call a special meeting also remains consistent with best practices, and we continue to believe it strikes the right balance between giving shareowners a meaningful right to call a special meeting and protecting against the risk that a small group of shareowners, including shareowners with special interests, require the Company to expend significant money and time on a special meeting to promote agenda items relevant to particular constituencies as opposed to our shareowners generally. Convening a meeting of shareowners imposes significant costs. The Company must prepare required disclosures, print and distribute materials, solicit proxies and tabulate votes. The Board and management must devote time to preparing for and conducting the meeting, distracting them from managing the business and enhancing returns for all shareowners.

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