Graphic Packaging Holding Company, together with its subsidiaries (Graphic Packaging), is committed to providing consumer packaging that makes a world of difference. We are a leading provider of paper-based packaging solutions for a wide variety of products to food, beverage, foodservice and other consumer products companies. We operate on a global basis and are one of the largest producers of folding cartons in the United States. We hold leading market positions in coated unbleached kraft paperboard (CUK), coated recycled paperboard (CRB) and solid bleached sulfate paperboard (SBS). All information in this 2017 Sustainability and Social Responsibility Report is as of December 31, 2017, unless otherwise indicated.
Letter to our Stakeholders

Graphic Packaging is a global business, connected by an underlying concept: Inspired packaging that makes a world of difference. We create innovative packaging that helps our customers’ products stand out on the shelf while offering convenience and quality to their consumers.

Since establishing a formal sustainability program in 2008, Graphic Packaging has made significant progress. This report provides an extensive overview of the Company’s activities with reference to the Global Reporting Initiative (GRI) Sustainability Reporting Standards.

2018 is an especially exciting year as we combine with the well-respected Consumer Packaging business of International Paper. Our expanded product portfolio emphasizes renewable and recycled materials. We utilize virtually all the wood that comes into our virgin paperboard mills, either to manufacture paperboard or to produce power through biomass. At our coated unbleached kraft (CUK) and solid bleached sulfate (SBS) mills, we generate most of our electricity from renewable energy sources and send excess energy (where available) back to the local power grid. Virtually all our paperboard products are recyclable, and for those that aren’t widely accepted, we make great efforts to collaborate with external stakeholders — including our customers and suppliers — to find innovative solutions to recapture the valuable fiber to make new products.

We share the same perspective as our stakeholders regarding the unparalleled changes in our industry and on our planet. Our stakeholders’ expectations have never been higher, and meeting those expectations requires assessing our impact at every level. This includes how we source raw materials, produce and transport our paperboard products, engage with our customers, and uphold our responsibilities in the communities where we operate. We understand that, increasingly, consumers are insisting that products — and the packaging that protects them — come from a company they trust and reflects their values.

Graphic Packaging has taken bold actions to advance our sustainability and social responsibility initiatives, including meeting ambitious goals to reduce greenhouse gas emissions, decrease our dependence on fossil fuel-based energy, and responsibly utilize water. Additionally, in 2015 we embraced a social responsibility program by setting a target to conduct and complete social compliance audits in our global converting operations. While we are proud of our progress, we continue to strive toward more ambitious goals as outlined in our Sustainability Vision 2025. To realize that vision will require collaboration and transparency across our supply chain and with businesses, governments, and nongovernmental organizations. Success along the journey will also require us to attract and retain a diverse team who are energized by the prospect of furthering our progress.
We recognize that our success is not possible without the vitality of the local communities where we operate. As a responsible corporate citizen, our commitment to those communities is guided by three pillars: Preserving the Environment, Putting Food on the Table and Investing in Education. Our employees worldwide engage with schools to introduce the science behind recycling paper to create new packaging. We participate in river clean-ups, volunteer at food kitchens and organize school supply drives. We mentor youth through organizations such as Junior Achievement and Boy Scouts of America, and, at a corporate level, we match a portion of employee contributions to United Way® to enhance localized community support.

Graphic Packaging has a proud history and has been operating for over 100 years. Naturally, our stockholders expect us to deliver on our financial commitments as well as our sustainability and social responsibility commitments. Throughout our history, we’ve prioritized financial, environmental and social performance to measure our value, and the initiatives described in this report illustrate how we will further that strategy.
Our Community Pillars

Clearly defining our volunteer and philanthropic priorities is critical to maximize our focus and return to our communities. Because our business depends on natural resources, our products enable global food and beverage producers to safely and efficiently package their goods, and our future success requires improving the skill sets of current and potential employees, we focus on three priorities to guide our sustainable business practices, our community service activities, and our philanthropic commitments:

Preserving the Environment
We champion energy management, water conservation, sustainable forestry and waste reduction. We are proud of our progress and are committed to doing more. Since 2008, Graphic Packaging volunteers have engaged more than 100,000 students in the Paperboard Packaging Council’s TICCIT (Trees Into Cartons, Cartons Into Trees) program, which teaches sustainable forest and wood-fiber management and the importance of recycling.

Putting Food on the Table
Providing packaging solutions for food and beverage companies is core to our business. Our commitment to fighting hunger is reflected in the community groups and agencies with whom we partner. Around the world, our teams contribute to local food banks and organizations that provide meals to those in need. We regularly conduct food drives and provide meals for low-income or special needs families.

Investing in Education
By educating tomorrow’s leaders, we build a pipeline of talent that will help shape our future workforce. Our Graphic Packaging Scholarship is offered to college-aged students of our employees who are pursuing programs in paper sciences, engineering, supply chain, and other curricula that support careers in our industry. We also participate in Manufacturing Day each year, exposing high school students to the challenging and rewarding potential of a manufacturing career in their community.
Our Core Values

Core Values are the cornerstone of our culture and guide us as we work together in achieving success.

**Integrity**
We are honest in what we do and say. We lead by example. We keep our promises, meet our commitments, and take pride in what we do. We respect our policies and live up to the trust others place in us. Our Company is built on truthfulness and trust.

**Respect**
We value each person’s unique skills and abilities. We actively solicit each other’s ideas and honor diverse opinions. We appreciate everyone’s contribution and recognize accomplishments. We show courtesy to each other and our customers. Our work environment is open, honest, supportive and fulfilling.

**Accountability**
We are personally responsible for doing our job to the best of our ability and delivering on results. We never quit in meeting our commitments to our shareholders, customers and employees. We act with initiative, learn from our experiences, share our knowledge and strive to continuously improve our performance. We look out for each other’s safety. We effectively use the resources entrusted to us.

**Relationships**
We have an unwavering commitment to listen to and meet the needs of our customers, and create innovative solutions that result in shared prosperity. Internally and externally, we listen and communicate openly and directly, keep positive attitudes, and build long-term relationships.

**Teamwork**
We share our goals and work together to achieve them. We encourage everyone’s involvement and support each other’s ideas. We help others without being asked. We unleash the power of our global company through collaborating locally and around the world, and sharing our know-how. We win together through leveraging our differences and combining our strengths. We celebrate success!
Our Commitments

Sustainability Vision 2025
We have been on a journey to reduce the environmental impact of the organization since 2008. In 2016, our executive leadership team established our Vision 2025 goals, taking Graphic Packaging into the next phase of conservation. For this reason, 2016 serves as our base year from which we will compare and track our progress.

Graphic Packaging Sustainability Dashboard

- **Reduce Greenhouse Gas Emissions**
  - (metric tonnes CO₂e/$1,000 sales)
  - 30% reduction in Phase 1
  - Goal 10% reduction in GHG emissions by 2025¹

- **Reduce Nonrenewable Energy Use**
  - (MMBTU/$1,000 sales)
  - 10% reduction in Phase 1
  - Goal 10% reduction in Non-renewable Energy Use by 2025

- **Water Conservation from Mills**
  - (Effluent 1,000 Gal/saleable ton)
  - 16% reduction in Phase 1
  - Goal 10% reduction in Water Effluents by 2025

- **Increase Recovery of Paper and Paperboard by 2020**
  - 65.8% recovery rate in 2017²
  - Goal 70% Recovery rate of paper and paperboard by 2020

¹ Phase 1 emissions based on location based data Phase 2 on market based data
² Support industry goal - recovery rate by 2020
³ Source: AF&PA

**Data Sources:** company records, except recovery rate which was developed by the American Forest & Paper Association® (AF&PA)
Executive Summary

About Graphic Packaging Environmental Performance Governance Index

Sustainability Vision 2025 – additional goals and implementation targets
In addition to the environmental impact metrics that we report, we are committed to these programs and aspirational goals.

Additional 2025 Goals – implementation targets

<table>
<thead>
<tr>
<th><strong>Waste Diversion</strong></th>
<th>Drive out waste in all our operations with a goal of all global facilities engaged in a waste diversion program by 2025.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Safety</strong></td>
<td>Continue progress to aspirational goal of zero incidents. Define and deliver enhanced safety and communication program by end of 2018.</td>
</tr>
<tr>
<td><strong>Forest and Wood-Fiber Certification</strong></td>
<td>All Graphic Packaging facilities compliant with a certification standard.</td>
</tr>
<tr>
<td><strong>Social Responsibility</strong></td>
<td>All global Graphic Packaging converting plants that have been under ownership for over one year will be in compliance with Social Compliance Sedex® Member Ethical Trade Audit (SMETA) by the end of 2018. Our team is the engine that drives our results and our goal is a safe, diverse and healthy workplace. In 2015, we embarked on a journey to integrate our commitments to safety, the environment, human rights and diversity through a comprehensive compliance program. With the selection of Sedex, an on-line collaborative platform that allows us to share our program and compliance results, we set an ambitious plan to have every converting plant under our ownership for more than a year complete a 4 – pillar SMETA audit by the end of 2018. We are on target to hit this goal. In addition, we will continue to conduct enhanced SMETA audits for customers that require additional audit indicators.</td>
</tr>
</tbody>
</table>
We Believe in Making a Difference for Our Planet, the Communities We Serve and Our Stakeholders.
Who We Are

Inspired Packaging. A World of Difference.

Graphic Packaging is a leader in the packaging industry, serving hundreds of the world’s most recognized brands. You have probably purchased food, beverages or other consumer products sold in our packaging.

As one of the world’s largest manufacturers of paperboard, folding cartons, microwave packaging, machinery, and foodservice containers, we continue to set new standards for our industry. We are always looking ahead to help our customers meet changing consumer demands and their business goals.

We combine market-specific expertise and innovative thinking to create inspired packaging. By providing nature-based, renewable packaging, we strive to improve the environment for everyone.

We design smart and attractive packaging that stands out in the highly competitive retail marketplace, but that’s just the beginning. Our global capabilities, systems expertise and packaging solutions deliver value to our customers on many levels:

- Optimizing the supply chain.
- Securing product supply.
- Improving sustainability metrics.
- Stretching marketing dollars.
- Boosting sales.
- Building brand loyalty.

We expect our packaging solutions to deliver, and that’s why the world’s leading consumer and commercial brands are drawn to us.
Scale of the organization

Graphic Packaging dramatically changed in 2018 with the combination of Graphic Packaging and the consumer packaging division of International Paper. The data below represent the company on December 31, 2017 and, where noted, the scale change with the combination of these two companies.

### Number of Employees
17,500 employees worldwide

### Total Number of Operations
87 facilities worldwide
See page 10 for a map of our locations by operation type.

### Net Sales
$4,403.7 million

### Total Assets
$4,863.0 million

### Total Capitalization

<table>
<thead>
<tr>
<th>Form of Capital</th>
<th>$M's</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Debt</td>
<td>2,275</td>
<td>32%</td>
</tr>
<tr>
<td>Market Equity</td>
<td>4,785</td>
<td>68%</td>
</tr>
<tr>
<td>Total Capital</td>
<td>7,059</td>
<td>100%</td>
</tr>
</tbody>
</table>

### Quantity of Products

Below is the production at each of the Company’s paperboard mills:

<table>
<thead>
<tr>
<th>Location</th>
<th>Product</th>
<th># of Machines</th>
<th>2017 Net Tons Produced</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Monroe, LA</td>
<td>CUK</td>
<td>2</td>
<td>827,147</td>
</tr>
<tr>
<td>Macon, GA</td>
<td>CUK</td>
<td>2</td>
<td>695,577</td>
</tr>
<tr>
<td>Kalamazoo, MI</td>
<td>CRB</td>
<td>2</td>
<td>483,848</td>
</tr>
<tr>
<td>Battle Creek, MI</td>
<td>CRB</td>
<td>2</td>
<td>210,307</td>
</tr>
<tr>
<td>Middletown, OH</td>
<td>CRB</td>
<td>1</td>
<td>172,686</td>
</tr>
<tr>
<td>Santa Clara, CA(*)</td>
<td>CRB</td>
<td>1</td>
<td>132,124</td>
</tr>
<tr>
<td>East Angus, Québec</td>
<td>CRB</td>
<td>1</td>
<td>93,012</td>
</tr>
<tr>
<td>West Monroe, LA</td>
<td>Corrugated Medium</td>
<td>1</td>
<td>124,322</td>
</tr>
</tbody>
</table>

(*) Mill closed December 1, 2017 and is classified as an Asset Held for Sale.

### Beneficial Ownership

The largest stockholders of Graphic Packaging Holding Company are:

<table>
<thead>
<tr>
<th>Stockholder</th>
<th>Shares</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boston Partners</td>
<td>24,700,350 shares</td>
<td>8.0%</td>
</tr>
<tr>
<td>FMR LLC.</td>
<td>34,951,791 shares</td>
<td>11.3%</td>
</tr>
<tr>
<td>The Vanguard Group</td>
<td>25,610,679 shares</td>
<td>8.3%</td>
</tr>
</tbody>
</table>

Reported in the 2018 Proxy Statement
Location of Operations
Graphic Packaging produces paperboard at our mills; we print, cut, fold, and glue (convert) the paperboard into folding cartons at our converting plants; and we design and manufacture specialized, proprietary packaging machines that package bottles and cans and, to a lesser extent, non-beverage consumer products. We also install our packaging machines at customer plants and provide support, service and advanced performance monitoring of the machines.

Our integrated approach to packaging solutions brings leading global capabilities and supply networks to local and worldwide customers.
Safety

At Graphic Packaging, maintaining a safe work environment is a top priority. Having an injury-free workplace is not just part of our vision, it’s in everyone’s best interest and goes beyond solely complying with applicable health and safety laws and regulations.

Our focus is threefold: safety, quality and productivity. We hold ourselves to high standards and understand our stockholders’ and customers’ performance expectations. While this includes meeting production and financial goals, we must do so only while working safely. There are no shortcuts.

In 2017, Graphic Packaging’s worldwide recordable incident rate (TRIR) was 1.13 cases per 100 employees, the lowest in company history. Our progress in reducing the rate of workplace injuries demonstrates the degree to which our employees are engaged in the process of working safely and watching out for their coworkers. We also emphasize the reporting of “near miss” incidents so we can appropriately evaluate those situations and implement appropriate counter-measures to prevent similar incidents resulting in a workplace injury.

Our Code of Conduct and Health, Safety and Environmental (HS&E) Policies set forth our principles and expectations.

Health and safety. Following safe handling and operating procedures when using equipment and materials is a requirement. If employees observe an unsafe condition, potential hazard, or dangerous practice, they are expected to address it with their coworker or supervisor. Alternatively, employees may report it to the local health, safety, and environmental representative or our ALERTline. This includes safety issues concerning our suppliers, customers, and business partners.
Our Workforce

Team members at Graphic Packaging are collaborative, creative, passionate high achievers who are never satisfied with the status quo. Our diverse and talented teams make a real difference in their jobs, their communities and the environment.

As of June 30, 2018, we had approximately 17,500 employees worldwide with the following demographic and geographic breakdown:

North America
- 23% Salaried
- 77% Hourly
- 77% Male
- 23% Female

South America
- 41% Salaried
- 59% Hourly
- 90% Male
- 10% Female

Europe
- 16% Salaried
- 84% Hourly
- 78% Male
- 22% Female

Pacific Rim
- 20% Salaried
- 80% Hourly
- 77% Male
- 23% Female
DIVERSITY AND INCLUSION

We believe a diverse and inclusive working environment encourages creativity, innovation and collaboration, and enhances our ability to serve our global customers. Having a sustainably inclusive culture creates a competitive advantage.

Diversity and inclusion must be integrated into our daily operations, not as a separate philosophy or requirement of leadership.

Our commitment to diversity and inclusion is reflected in the definitions of our core values, which dictate behavioral norms. All employees understand that these behavioral expectations are measured as part of their annual performance review. The diverse composition of our executive and senior leadership teams facilitates an environment where inclusion is modeled and cascaded through our organization.

Our Leadership Teams Demonstrate our Commitment to Diversity and Inclusion

<table>
<thead>
<tr>
<th>Board of Directors, 8 members</th>
<th>GPI Executive Leadership Team, 9 members</th>
<th>Global Senior Leadership (VP and Above) 58 members</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 of 8 members is female</td>
<td>4 of 9 members are female</td>
<td>13 of 58 members are female</td>
</tr>
<tr>
<td></td>
<td>2 division leaders (EMEA and Pacific Rim)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2 staff functions</td>
<td></td>
</tr>
</tbody>
</table>

As of June 30, 2018
Our External Initiatives

**TICCIT**

Each year, Graphic Packaging hosts TICCIT (pronounced “ticket”), a community outreach and educational program founded by the Paperboard Packaging Council. By partnering with local schools in our communities, our employee volunteers teach children the importance of renewable, sustainable resources in the paper and paperboard packaging industry. In 2017, forty-two Graphic Packaging facilities participated, reaching over 16,000 students globally. Our goal is to instill in children an appreciation and respect for the natural resources they encounter every day, and to highlight their role as stewards of those resources. Since we joined the program in 2008, more than 100,000 students have planted trees with us!

**United Way**

In communities throughout the United States, basic life needs are met or enhanced through charitable organizations. As a corporate citizen, we partner with the United Way in the communities where we live and work. Our employees generously contribute to the annual fund drive, and we match a percentage of all employee donations.

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*Every day U.S. papermakers recycle enough paper to fill a 15 mile long train of boxcars.*

**Source:** American Forest and Paper Association [http://www.afandpa.org/our-industry/fun-facts](http://www.afandpa.org/our-industry/fun-facts)
Our Products

Activities, brands, products, and services
Graphic Packaging’s customers include many of the world’s most widely recognized companies and brands with prominent market positions in beverage, food and other consumer products. We strive to provide our customers with packaging solutions designed to deliver marketing and performance benefits at a competitive cost by capitalizing on our low-cost paperboard mills and converting plants, our proprietary carton and packaging designs, and our commitment to quality and service.

Business Segments
As of June 30, 2018, Graphic Packaging reports its results in three reportable segments as follows:

Paperboard Mills includes the eight North American paperboard mills which produce primarily coated unbleached kraft (CUK), coated recycled boxboard (CRB), and Solid Bleached Sulfate (SBS), which is consumed internally to produce paperboard packaging for the Americas and Europe Paperboard Packaging segments. The remaining paperboard is sold externally to a wide variety of paperboard packaging converters and brokers. The Paperboard Mills segment Net Sales represent the sale of paperboard only to external customers. The effect of intercompany transfers to the paperboard packaging segments has been eliminated from the Paperboard Mills segment to reflect the economics of the integration of these segments.

Americas Paperboard Packaging includes folding cartons and cups, lids and food containers sold primarily to Consumer Packaged Goods (“CPG”) and Foodservice companies serving the food, beverage, and consumer product markets in the Americas.

Europe Paperboard Packaging includes folding cartons and cups, lids and food containers sold primarily to CPG companies serving the food, beverage and consumer product markets in Europe.

The Company allocates certain mill and corporate costs to the reportable segments to appropriately represent the economics of these segments. The Other caption includes the Pacific Rim and Australia operating segments and unallocated corporate and one-time costs.

Percentage of Revenue

As of June 30, 2018

Our Products and the Environment
In addition to folding cartons and paperboard, our product portfolio includes innovative packaging solutions that improve the performance in the club store environment while at the same time reducing the overall amount of wood-fiber used. Graphic Packaging paperboard trays and bowls enhance the consumer experience and can replace the current polyethylene terephthalate (CPET) products. Microwave cooking solutions are engineered to enhance the consumer experience and add convenience at the same time.

In the beverage sector, Graphic Packaging takes an integrated approach to machinery design and carton manufacturing design and is at the forefront of innovation with new solutions that improve manufacturing efficiency, reduce the amount of material required to deliver unique solutions to the marketplace and improve the consumer experience.

Graphic Packaging is constantly developing new Foodservice packaging solutions that offer operator efficiency, enhanced performance and improved consumer experience.
Innovation

Graphic Packaging is a wood fiber-based packaging company selling differentiated paper-based cartons and containers to large, medium, and small consumer packaged goods and foodservice companies.

We pride ourselves on innovation. We invest significant capital into research and development, and have a strong team dedicated to creating and commercializing innovative packaging solutions for our customers.

Our innovation efforts center on new wood-fiber-based packaging solutions that we believe are more sustainable, renewable, and recyclable than existing alternatives. At the same time, they offer enhanced convenience features for the consumer and brand building opportunities for our customers.

Developing Products for a Brighter Future

Designing for the Environment (DfE) is a central tenant of our innovation process. While we aspire to create the ultimate package that is made from renewable materials, with renewable energy and is recyclable or compostable; we understand that we are on a transformational journey. We are excited about the progress and we have many commercial products that have moved significantly on the DfE continuum.

PACKAGE SUSTAINABILITY CONTINUUM

The journey to using renewable materials and energy, and creating products that are recyclable or compostable.

DfE requires that we consider the full life cycle of the package and the product that it protects. With each innovation challenge, we assess the current package’s position on the Package Sustainability Continuum and identify areas where an innovative approach will move that package closer to our aspirational goal.
INTEGRAFLEXTM AS A REPLACEMENT FOR THERMOFORMED CUPS AND PLASTIC POUCHES

Our new IntegraFlex package is a breakthrough technology that provides another alternative to thermoformed cups and plastic pouches. IntegraFlex is comprised of two distinctly different paper-based substrates to create a collapsible container package: a paper liner and a paperboard container. IntegraFlex is nearly 100 percent wood-fiber based, and that wood-fiber is natural and renewable. Moreover, IntegraFlex provides significant supply chain benefits since the product can ship flat, reducing the number of pallets and trucks needed for distribution. IntegraFlex targets growing markets, specifically, single serve snacks and growing categories like oatmeal.

IntegraFlex won the award for Best New Packaging Innovation at NEXTY, a leading Natural Products Expo. It also won the Paperboard Packaging Council’s 2017 Packaging Innovation of the Year award. The product utilizes our solid unbleached sulfate (SUS) paperboard and flexible lamination technology from our North Portland, Oregon converting facility.

PAPER-BASED PRESSED BOWLS AS A REPLACEMENT FOR CPET PLASTIC TRAYS

We have designed a pressed bowl made with our SBS paperboard as an alternative to the CPET plastic tray. The main application is in frozen and microwaveable food categories where the CPET plastic tray is currently the most commonly used solution. Our pressed paperboard bowl solution is made from recyclable and Sustainable Forestry Initiative® (SFI®)-certified paperboard, which comes from a renewable resource: trees. We believe these characteristics compare favorably to the current CPET offering, which is plastics-based and, we believe, difficult to recycle.

Moreover, the technology enables traditional oven-baked quality to be achieved in a microwave, while maintaining reduced cooking time. Specifically, a typical product in our solution can be cooked in a microwave setting in 8 to 10 minutes versus up to 45 minutes in an oven.

We are commercializing our pressed bowl technology with several large consumer goods companies around the world. We see a significant opportunity to grow our pressed bowls offerings over the coming years given a currently small footprint in a large frozen and microwavable food end-market.
2018: Transformative Year

GRAPHIC PACKAGING AND FOODSERVICE / SBS PAPERBOARD

On January 1, 2018, we completed the combination with International Paper’s North America Consumer Packaging business. Adding solid bleached sulfate (SBS) mills and converting plants for foodservice items to our portfolio has positioned us as the leader in paperboard packaging, as we are now able to offer even more substrates and packaging solutions to our customers.

Our innovation teams continue to create packaging solutions for our customers, and the vertical integration of the foodservice business offers security of supply and continued commitment to quality and service.

Our two SBS mills and extrusion plants produce folding carton grades along with stock solutions for foodservice applications such as cups and tubs.

The foodservice business partners with leading brands and distributors in a variety of industries, from quick-service restaurants to hotels. Our paper cups, food containers, plates and accessories are found in foodservice establishments across the country, from one-store locations to large national chains.

2018 is a transformative year for Graphic Packaging and we look forward to continuing our growth.

PAPER CUPS AS A REPLACEMENT FOR POLYSTYRENE FOAM

Hold&Go™ is an exciting innovative product that has recently been added to the Graphic Packaging product portfolio.

Many municipalities across the United States have banned the use of polystyrene foam products in recent years, reflecting the environmental concerns of foam products and consumers’ preference for a more sustainable solution. Moreover, a number of large quick-service-restaurant chains have committed to using more sustainable solutions, notably paper cups. With our product assortment and integrated manufacturing platform, Graphic Packaging is uniquely positioned to meet our customers’ needs.

We manufacture two types of paper cups for hot liquid applications: a single wall cup that requires a sleeve, and a double-wall insulated cup, Hold&Go. The wood fiber used in the paper cups manufactured by GPI is sustainably sourced and meets the Sustainable Forestry Initiative (SFI) certified sourcing standards.

Over the last decade, the industry compound annual growth rate for paper cups used in hot applications has been a positive 6%, while usage of foam cups for hot applications has declined at a 5% compound annual growth rate. We believe the runway is long for further substitution of paper for foam, as we estimate approximately 29 billion units of foam cups are still used annually for hot applications.
Our Supply Chain

Graphic Packaging believes our suppliers are vital to our success and, accordingly, we endeavor to choose suppliers who are committed to strong ethics and business conduct standards. Our procurement principles are to source for the best value, and we expect our suppliers to meet these needs legally and ethically, and provide equal opportunity.

Our Product Lifecycle

Our Suppliers

SUPPLIER SUSTAINABILITY GUIDELINES
We are supported by approximately 10,000 suppliers. We expect our suppliers to comply with all applicable laws and commit to conducting business in a manner that aligns with our Supplier Sustainability Guidelines. Our Supplier Sustainability Guidelines require suppliers to:

- Protect human rights of employees and treat all employees with dignity and respect as understood by the international community.
- Prevent and not participate in Human Trafficking/Involuntary Labor/Under Age Labor.
- Protect confidential information.
- Not make or accept improper payments to influence an act or decision.
- Avoid conflicts of interest or appearance of conflicts of interest.
- Certify that their products do not contain conflict minerals or, if they do contain these minerals, that they are conflict-free.
- Seek our approval of subcontractors.
- Operate with financial integrity.

If suppliers fail to comply with the law and our Supplier Sustainability Guidelines, and do not address contractual non-compliance in a timely manner, we reserve our right to terminate the relationship.

As new suppliers are established, we require compliance with our Supplier Sustainability Guidelines. Existing suppliers are reviewed as they come up for contract renegotiations or as new RFPs are released.

CHANGES TO OUR SUPPLY CHAIN
This 2017 report will serve as the benchmark year from which any future significant changes in the supply chain or processes will be reported.

Supplier Diversity Program
At Graphic Packaging, supplier diversity is a proactive business process to source products from minority-, veteran- and woman-owned business enterprises. As a result, we strive to ensure our supply chain reflects the demographics of the communities in which we operate. We increased our total spend with certified diversity suppliers from $20 million in 2011 to over $100 million in 2017, a fivefold increase in only six years. We credit our entire supply chain organization and leadership team with this accomplishment.
In 2017, over 300 diverse suppliers provided us with quality goods and service. Diverse suppliers span the entire spectrum of supply chain categories, from marketing to transportation to maintenance and packaging services, and they support divisions across the company.

Looking into 2018, we aim to exceed our new goal of $120 million through several current initiatives and by formally recognizing veteran-owned businesses. This is an aggressive goal, and a challenge that is welcomed and supported by our leadership team.

Supplier Highlight

In June 2016, we announced a partnership with Merrimak Capital Company, a certified woman-owned business, for certain material handling equipment leases. Merrimak, a leading full-service equipment management company and equipment lessor, worked with Graphic Packaging to jointly develop a new leasing model. Certain active leases were purchased and incorporated into a new platform to drive and assure tangible cost savings. The program has improved efficiencies and eliminated unfavorable terms and conditions. Our agreement with Merrimak Capital Company to act as a valued partner in the leasing industry provides transparency while providing us with supplier diversity spend and lower costs.

We were introduced to Merrimack at an annual business fair hosted by the National Minority Supplier Diversity Council, where certified diversity firms and some of the largest companies in North America evaluate potential opportunities to work together. Merrimack’s agreement with Graphic Packaging has allowed Graphic Packaging to develop a new business strategy, which we can replicate with our other suppliers.
All Graphic Packaging facilities will be compliant with a certification standard by 2025.

Forest and Wood-Fiber Certification

Graphic Packaging is committed to the goals of sustainable forestry and promoting responsible resource management and use. Our policy is to implement and achieve the Principles of Sustainable Forestry including environmentally, socially and economically sustainable practices to meet the needs of the present without compromising the ability of future generations to meet their needs. This policy is accomplished by practicing and promoting a resource and conservation stewardship ethic.

We implement best efforts to avoid trading in wood or wood-fiber that is: illegally harvested, harvested in violation of traditional and civil rights, harvested where global conservation priorities are threatened, harvested in natural forests undergoing significant conversion to plantations or non-forest uses, and from forests in which genetically modified trees are planted.

In 2010, we initiated the industry’s most ambitious forest management and wood-fiber sourcing program -- the Tri-Certification Chain of Custody (COC). Each year representatives of SFI, FSC and PEFC audit our kraft virgin wood-fiber management processes to ensure we are compliant with their standards. Our COC program assures we can trace wood-fiber through our manufacturing process.

Management of recycled wood-fiber is also vital. In 2013, we were awarded a certificate from the Recycled Paper Alliance certifying the content of our recycled paperboard and cartons.

To achieve our goals and support rural communities we have developed and adopted appropriate programs and documented procedures to guide our wood and wood-fiber procurement, production of certified products and associated environmental claims and labels. A hallmark of our support is our landowner and logger outreach program where we provide and facilitate training on forest management practices.

In the United States, private, working forests support 2.5 million jobs, $235 billion in annual sales, $87 billion in payroll, $4.4 billion in state income and severance taxes, and $102 billion to the GDP.

Source: American Forest and Paper Association
http://www.afandpa.org/our-industry/fun-facts

Each year customers from all over the world travel to our Macon, GA mill to participate in a seminar on forest management.
Graphic Packaging has made tremendous progress in responsible forest and wood-fiber management.

Highlights include:

• We support all recognized forest and wood-fiber certification standards including Sustainable Forestry Initiative® (SFI®), the Forest Stewardship Council® (FSC®), the American Tree Farm System® (ATFS®), the Programme for Endorsement of Forest Certification™ (PEFC™) and the Recycled Paperboard Alliance (RPA-100%).

• We endorse responsible forestry and require that our wood suppliers and loggers be trained in sustainable forestry practices. We support SFI-approved logger training and share our forest management and stewardship knowledge with our wood suppliers.

• 100% of our CUK paperboard and paperboard cartons meets the Sustainable Forestry Initiative (SFI) sourcing and 100% of our CRB paperboard and paperboard cartons meets the Recycled Paperboard Alliance (RPA-100%) certification standards.

• We provide paperboard and cartons under all the Chain of Custody Schemes including, Forest Stewardship Council (FSC), Sustainable Forestry Initiative (SFI), and the Programme for the Endorsement of Forest Certification (PEFC).

• 35%* of wood sourced for our CUK meets a forest certification standard and the remaining wood is sourced from sustainably managed forests.

• 100% of our North American CRB paperboard meets a Chain of Custody and certification standard.

In an effort to communicate with stakeholders in a transparent manner, Graphic Packaging voluntarily reports to the CDP (formerly, the Carbon Disclosure Project) on data related to forestry.

• Based on 2017 purchased wood
MEMBERSHIP OF ASSOCIATIONS

We are involved in several industry associations whose goal is to leverage the broader industry to address various impacts to the industry and its environmental metrics. Our involvement is at the Board of Directors and working committees levels of these organizations.

American Forest & Paper Association

- The American Forest & Paper Association (AF&PA) advances the paper and forest products industry through advocacy and major initiatives
- The AF&PA advocates with legislators (community through federal) to address regulatory and legislative framework, to ensure appropriate regulations and legislation that meet environmental and societal needs.
- Better Practices, Better Planet is an industry initiative to reduce environmental impact of the forest products industry. Each member company provides input on goals and reports out progress, which is aggregated. The forest products industry is one of the few that measures their environmental impact and sets goals.
- A target of the AF&PA is to increase paper recycling to 70% by 2020.
- We are a contributor to the AF&PA serving on the Board of Directors, Sector Committees, Government Affairs and other working committees.

100% Recycled Paperboard Alliance

- The 100% Recycled Paperboard Alliance (RPA-100%) is an independent, non-profit trade alliance headquartered in Washington, D.C. RPA-100% brings together leading manufacturers of 100% recycled paperboard to analyze the benefits and promote its use.
- RPA-100% serves as an information resource on the benefits of recycled paperboard and provides assurance of the recycled content of packaging through its 100% recycled paperboard licensing program.
- We engage at the board of directors and marketing committee levels providing input on strategy and implementation of the RPA-100 strategic plan.

Recycled Paper Technical Association (RPTA)

- The Recycled Paperboard Technical Association (RPTA) is a non-profit association that brings together the expertise of paper mills worldwide that manufacture products from at least 90 percent recovered wood-fiber. RPTA is dedicated to the improvement of the recycled paperboard industry.
- RPTA member companies have been recycling recovered paper since the turn of the 20th century. This heritage of responsible resource management has forged a tradition of innovation and ingenuity that is unmatched in the paper-making industry.
- Serving the needs of companies engaged in producing recycled paperboard since 1953, RPTA is dedicated to the improvement of the industry through product stewardship, benchmarking, materials investigations, and education.
- We engage at the board of trustees and technical committee levels providing input on strategy and implementation of the RPTA strategic plan.
Pack2Go Europe

- Pack2Go Europe is a not-for-profit association of companies that manufacture packaging for the food and beverages consumed on-the-go by Europeans. The association’s approach is material neutral and represents suppliers of raw materials and of technology who recognize that today’s busy lifestyles are changing the way we eat and drink and who want to contribute to that in a positive and responsible way.
- The group promotes to Europeans who eat and drink on-the-go that health, safety and environmental considerations have been thoroughly assessed and factored into production plans.
- Graphic Packaging participates on Pack2Go Europe’s leadership teams and committees.

Foodservice Packaging Institute

- The Foodservice Packaging Institute, Inc. (FPI) is committed to providing a legal forum to promote the responsible use of all foodservice packaging.
- The FPI encourages the responsible use of all foodservice packaging through promotion of its benefits and members’ products; serves as the voice of the industry to educate and influence stakeholders; and provides a legal forum to address the challenges and opportunities facing the foodservice packaging industry in a cost effective and transparent manner for members.
- Graphic Packaging is participating in work groups to increase the recycling of foodservice packaging, especially paper cups.

Paperboard Packaging Council

- The Paperboard Packaging Council (PPC) has grown to become the leading trade association serving suppliers and converters of all forms of paperboard packaging. Its guiding principles have always been—and continue to be—to grow, promote, and protect the paperboard packaging industry while providing its members with resources and tools to compete effectively and successfully in the marketplace.
- Graphic Packaging participates on PPC’s leadership teams and committees.

Paper Recycling Coalition

- The Paper Recycling Coalition (PRC) engages to ensure a vibrant recycled paper market through advocacy with federal legislators and agencies.
- Graphic Packaging is a key contributor to the PRC, serving on its Board of Directors and Policy Committees.
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Environmental Performance

Emissions

Since 2008 we have reduced our greenhouse gas emissions by 30%. From 2016 to 2017, we further reduced emissions by 3.06%.

This reduction was largely due to upgrading our paperboard mills with new drying technologies, reducing water draw, increasing steam utilization and improving energy management in our West Monroe mill. In addition, in 2017, our Macon mill generated a total of 509,952 MWH and sold 22,576 MWH back to the grid.

<table>
<thead>
<tr>
<th>Year</th>
<th>Direct (Scope 1) GHG emissions</th>
<th>Energy indirect (Scope 2) GHG emissions</th>
<th>Reduction of GHG emissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>879,432</td>
<td>457,867</td>
<td>1,330,948</td>
</tr>
<tr>
<td>2017</td>
<td>915,901</td>
<td>457,018</td>
<td>1,372,919</td>
</tr>
</tbody>
</table>

Greenhouse gas emissions intensity

- Intensity Figure: 0.302 (down from 0.319 in 2016)
- Metric Numerator: 1,330,948 metric tons of CO₂ equivalent (Gross global scope 1 + Market based scope 2)
- Metric Denominator: $4,404 million (Net Sales)

As of December 31, 2017
In 2013 we completed our $80 million investment in a biomass boiler and significantly expanded utilization of biomass energy in our paperboard mill located in Macon, Georgia.

Biomass energy generates over 90 percent of the mill’s process steam and 60 percent of its electric power. The investment allows the mill to generate virtually all of its energy on-site from a renewable resource.

Graphic Packaging is proud to take a leadership role in efficiently utilizing our natural resources and providing sustainable operations for generations to come.

The Macon mill is a key member of the middle Georgia community and an integral part of the forest industry. It directly employs more than 500 people and substantially contributes to the area’s long-term economic health. The mill generates over 900,000 lb/hr of steam and 38 MW of electricity to support its production of approximately 1,600 tons of coated paperboard per day.

**Project benefits:**

1. Insures the efficient and economical manufacture of paperboard to support our customer’s needs by reducing and stabilizing energy costs.
2. Provides energy from a renewable energy resource which utilizes waste from logging operations.
3. Reduces CO₂ by over 390,000 tons/year about the same as removing 68,000 passenger cars from the road.
4. Generates approximately 38 megawatts of power, equivalent to the electrical power for 26,000 homes per year.
5. Improves overall air quality with modern combustion & emissions controls.
6. Reduces dependence on fossil fuels.
In late 2008 the Graphic Packaging Mill division formed the Energy Usage Reduction team consisting of representatives from each paperboard mill, Continuous Improvement, Data Information and Energy Supply groups. The team was formed in response to the rising costs of energy to identify near and long-term projects to reduce energy requirements across the Mill division. In 2009, the Graphic Packaging Mill division applied for the Department of Energy (DOE) ‘Better Buildings, Better Plants’ program and committed to a 25 percent energy usage reduction from a baseline year of 2006 through year-end 2016, a program which eventually became our “25 by 16 Energy Reduction Challenge”. This commitment resulted in DOE funds for mill energy audits, and we were acknowledged as a “Save Energy Now LEADER” early in 2010.

During the initial phases of the Energy Reduction Challenge, the team established common standards for the Mill division and baseline energy usage. The team met weekly to review data, conduct site visits and energy audits, and allocate capital to reduce overall energy usage (both thermal and electrical) within our manufacturing processes.

By the end of 2011, the Mill division had reduced its energy usage by 18 percent, an achievement that was recognized by the DOE. By the end of 2013, we had closed the energy gap to 21.6 percent, and in 2014, our team’s reduced energy usage was at 23 percent. We then set the bar even higher, committing to reduce our energy usage by 25 percent (versus our 2006 baseline) and achieving a corresponding effluent flow reduction of 25 percent by the end of 2015 — a full year ahead of schedule.

We achieved our goal by the end of 2015 and received verification of a 25 percent energy reduction from the DOE. Graphic Packaging was the first pulp and paper company to achieve this significant accomplishment in the ‘Better Buildings, Better Plants’ program. The team was recognized by the DOE at a reception in Washington, D.C., on May 9, 2016.

The achievement was the result of nine years of persistence, focus and steady support from senior management, mill management, and numerous team members. Over that nine-year period, Graphic Packaging invested more than $224 million in energy related projects.

The projects included:

- Improved energy efficiency of dryer sections, dryer hoods and pocket vents.
- Increased efficiency of infrared drying coating equipment.
- Installed variable frequency drive controls on fans and pumps.
- Used waste heat recovered from boilers.
- Water recovery projects to reduce energy needed to heat fresh water.
- Press section improvements to reduce thermal energy needed to dry sheet.
- State-of-the-art coater technology to reduce coat weight and energy needed to dry coating.

In an ongoing effort to reduce our carbon footprint, we now identify, reduce, monitor and document all our energy sources — steam, electricity, water, compressed air and effluent flow. The “25 by 16 Energy Reduction Challenge” established several operating parameters that have and continue to contribute to energy and greenhouse gas reduction for Graphic Packaging.
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Reduce water effluents from mills by 10% from 2016 baseline

Water

From 2008 to 2016 we reduced our water effluent by 16 percent ensuring we are using water as efficiently as possible. We have established a further reduction goal of 10 percent by 2025.

Water is critical to papermaking, and the water we borrow from the environment is responsibly returned. We continue to invest in technologies, like water tanks, advanced strainers for water treatment, and clarifying units to allow us to reuse more of our process water, and reduce our draw on water resources. In addition, we have implemented a structured water monitoring system to help us isolate and find additional water conservation opportunities. The following information relates to water utilized by our Mill division, the primary source of water consumption within Graphic Packaging.

Water withdrawal by source

The water influent is sourced from several inputs including surface water, groundwater and municipal greywater. We are also able to collect water extracted from the wood chips used in the paper making process.

Water Influenst by source

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>8,243 ML Third Party Sources – grey and municipal water</td>
<td></td>
</tr>
<tr>
<td>937 ML Produced Water*</td>
<td></td>
</tr>
<tr>
<td>12,546 ML Groundwater – Nonrenewable</td>
<td></td>
</tr>
<tr>
<td>3,981 ML Groundwater – Renewable</td>
<td></td>
</tr>
<tr>
<td>27,427 ML Fresh Surface Water</td>
<td></td>
</tr>
</tbody>
</table>

Water Effluents

<table>
<thead>
<tr>
<th>Amount</th>
<th>Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>49,885 Megaliters</td>
<td>1.2% in water effluents from our mills in our first year</td>
</tr>
</tbody>
</table>

Water discharged is comprised of water used in paperboard processing as well as non-contact river water used for cooling that is returned to the river.

As of December 31, 2017

* Produced water is the water that is extracted from the wood chips and put back into the manufacturing process.
Sparta Water Reuse Project

The Sparta Aquifer serves over 800,000 residents and businesses in Northeastern Louisiana. It provides drinking water and commercial water to communities and industries.

The Reuse project goal was to reduce Graphic Packaging's water draw on the Sparta Aquifer and was a joint effort between the City of West Monroe and our West Monroe mill, as well as other interested participants. The resulting upgraded water reclamation plant produces drinking quality water, that is now used at our mill, reducing our mill's demand on the aquifer.

Prior to the project implementation, the City of West Monroe discharged approximately 5 million gallons per day of treated wastewater to the Ouachita River. Our mill used approximately 10 million gallons per day of water from the Sparta Aquifer. Water was drawn from the Sparta Aquifer more quickly than it could replenish itself, resulting in a loss of approximately 18 million gallons per day.

Numerous projects were investigated to reduce the demand on the Sparta Aquifer, and this project was determined to have the most impact.

- The treatment process includes a dissolved air flotation unit, carbon filter, and chlorination.
- Our mill began accepting all the treated wastewater from the City of West Monroe in May 2012. This has reduced our mill's withdrawal of water from the Sparta Aquifer by approximately 5 million gallons per day, a 50 percent reduction.
- Although our mill's water needs have decreased, the Sparta Reuse Project is an exceptional example of water conservation reducing the burden on a water source that was unsustainable.

Awards

- The city of West Monroe was recognized with the EPA Pisces Award
- The Sustainable Solutions Award was received from the Louisiana Water Environment Association
- The White House recognized the West Monroe mayor with the Champions of Change Award
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Achieve industry goal of 70% recovery rate by 2020

Paper and Paperboard Recovery

Graphic Packaging is an active member of the American Forest & Paper Association (AF&PA), an industry trade organization representing 75 percent of the U.S.’s pulp, paper, paper-based packaging and wood building materials. We have aligned one of our 2025 vision topics with that of the ambitious industry goal to further increase paper recovery for recycling to exceed 70 percent by 2020. Currently, the recovery rate for all paper and paperboard is 65.8%.

Key initiatives include:

- **How2Recycle® program**: source separation plays a critical role in the recovery process and Graphic Packaging participates in the How2Recycle® program to encourage recycling and help consumers understand the importance of removing contaminants before recycling.

- **Optimize packaging specifications**: we collaborate with our customers to ensure that packaging is the appropriate size and strength to meet product requirements. We leverage continuous improvement principles and our vertically-integrated manufacturing system to minimize excess material.

- **Design for the environment**: virtually all of our solutions are recyclable. For those that are not widely accepted for recycling Graphic Packaging is engaged to incorporate these materials in the recycled stream or improve the recyclability of the material.

We believe that sustainable packaging solutions must take into consideration performance, economics and environmental factors. We review the life cycle of a package and identify ways to reduce its environmental impact. Designing packaging solutions with responsible end-of-life outcomes is a critical and responsible consideration.

Source: http://www.paperrecycles.org/statistics/paper-paperboard-recovery

[Graph showing millions of tons recovered and recovery rate over years with 2017 stats at 65.8%]

Million Tons Recovered

<table>
<thead>
<tr>
<th>Year</th>
<th>1993</th>
<th>1995</th>
<th>1997</th>
<th>1999</th>
<th>2001</th>
<th>2003</th>
<th>2005</th>
<th>2007</th>
<th>2009</th>
<th>2011</th>
<th>2013</th>
<th>2015</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>10</td>
<td>20</td>
<td>30</td>
<td>40</td>
<td>50</td>
<td>60</td>
<td>70</td>
<td>0</td>
<td>10</td>
<td>20</td>
<td>30</td>
<td>40</td>
<td>50</td>
</tr>
</tbody>
</table>

Percent recovery Rate

- 0
- 10
- 20
- 30
- 40
- 50
- 60
- 70

Source: http://www.paperrecycles.org/statistics/paper-paperboard-recovery

30
Drive out waste in all our operations with a goal of all global facilities engaged in a waste diversion program by 2025.

Waste Diversion/Beneficial Reuse

Graphic Packaging understands the value and environmental impact of recycling materials. Currently Graphic Packaging recycles virtually all carton manufacturing waste generated from the manufacturing process. In an effort to study further opportunities for conservation and efficiencies, we have completed an in-depth analysis of the manufacturing waste at key manufacturing plants. The understanding gained from the analysis has provided valuable insight on how we will move forward.

Our goal is to drive out as much waste as possible in all our operations. To that end, we have developed the following plan for our converting operations:

- Conduct an in-depth analysis of manufacturing waste at key facilities, and identify opportunities to divert the manufacturing waste from landfills.
- Identify pilot facilities to implement waste diversion plans and share best practices across our manufacturing network.
- Establish site-specific solid waste reduction and/or improved waste targets by 2020.

Not only does Graphic Packaging develop and manufacture packaging with a Design for the Environment philosophy we also have programs to effectively manage our manufacturing waste and continuously look for beneficial reuse opportunities. Complementing our ambitious program with our converting plants to divert as much manufacturing waste as possible are programs in our mill system to capture 100% of the wood-fiber that is introduced in our recycled mills and deploy beneficial reuse programs in all of our mills.

In our recycled paperboard mills, we have made great strides to utilize virtually all recovered wood-fiber introduced to the mill. The process starts with purchasing clean mill quality wood-fiber and working with communities, industry associations and recyclers to incorporate best practices for the collection, separation and transportation of clean mill quality wood-fiber.

While we strive to purchase clean mill quality wood-fiber, the introduction of non-fiber material, including plastic, is a reality. We will continue to explore opportunities to reuse this non-fiber material.
Waste Wood-Fiber Reclaim

Advanced screen technologies significantly improve the recovered wood-fiber process at our Middletown, OH mill.

Upgrading our process with advanced screen technologies allows the mill to capture a significant amount of recovered wood-fiber which reduces the amount of waste wood-fiber that the mill sends to the landfill and reduces the amount of wood-fiber in the water that is discharged to the water treatment plant. Further, it allows the mill to process lower quality recovered wood-fiber. This wood-fiber would otherwise be sent to a landfill. The results have been impressive:

- The mill captures 99.9% of incoming wood-fiber, reducing landfill waste by 5,500 tons per month based on 2016 data.
- Partnerships have been established to use low quality recycled paper.
- Green house gases are avoided as wood-fiber is not shipped to landfill. Further, green house gases have been reduced with less truck shipments to the landfill.
- Virtually all wood-fiber is removed from the process water before discharging to the city waste water treatment plant reducing process energy required by the city.
The long-range plan has a five year forward view with financial modeling over the first three years. Included in the long-range plan are:

**MARKET TRENDS RELATED TO CLIMATE**
Raw material sources, marketplace packaging needs and product end-of-life concerns are the primary market related concerns. Paperboard packaging addresses these concerns well as it is made from a renewable resource, it is recyclable and made with renewable energy.

**RAW MATERIAL SOURCES AND AVAILABILITY**
Wood and recovered wood-fiber are the two primary ingredients for paperboard packaging. We assess the short, medium and long-term access to these raw material sources. In addition, we complement our management strategy with compliance to the major forest/wood-fiber certification programs. We leverage these programs to ensure responsible wood/wood-fiber purchasing and management practices. Further, we engage with consultants to provide insight on demand and supply changes that may be anticipated over the business planning cycle.

**INVESTMENT**
Environmental impacts of capital and product R&D investments are assessed against short, medium and long-term trends. These impacts include improving our environmental profile and impact for operations, raw material sourcing, products manufactured and logistics.
The Board receives updates on sustainability and social responsibility initiatives, as well as health, safety and environmental compliance matters, on a continuing basis as set forth in the communications framework detailed below.

Executive Level Responsibility
Overall responsibility for our sustainability and social responsibility strategy is with our executive leadership team. The Vice President of Government Affairs and Sustainability provides the strategic direction. This individual is a member of the extended executive leadership team and reports regularly on key programs to the President and CEO, and also to our Board of Directors.

Our Vice President of Health, Safety and Environmental reports to our President and CEO on significant projects and compliance matters. The General Counsel also regularly provides HS&E and sustainability highlights to the Board as well as presents an annual compliance report detailing our overall compliance program as well as any significant developments.

Health, Safety & Environmental Steering Committee
The HS&E Steering Committee, which includes representatives from Sustainability/ Social Responsibility, HS&E, Operations, Legal, Human Resources and Risk Management, receives and reviews reports from the Vice President of Government Affairs and Sustainability and the Vice President of Health, Safety and Environmental. This committee also reviews risk policies and insurance.

Global Sustainability and Social Responsibility Steering Committee
The Global Sustainability and Social Steering Committee is a cross-functional group that includes leaders of Sustainability, Legal and Human Resources, as well as site and facility managers, from three key regions: North America, Australia and Europe. The Committee was established to promote responsibility across all levels of leadership and business units.

North America Social Responsibility Leadership Committee
The North America Social Responsibility Leadership team includes representatives from Sustainability and Social Responsibility, Human Resources, Operations, Sales, and Legal.
Stakeholder Engagement

How we Engage with Stakeholders

Our sustainability vision and strategy are reviewed with customers, federal, state and community representatives, government agencies, investors, employees and potential employees. These groups provide input on goals, strategy, and how we can continue to improve. Ongoing dialogue and transparency establishes trust, strengthens relationships and helps us prioritize areas in which we have the greatest impact and are most important to our stakeholders.

CUSTOMERS

Customers represent one of our largest stakeholder groups, and we embrace an ongoing dialog on our sustainability and responsibility program. These customers are small, medium and large with regional and global breadth and provide valuable insight on consumer expectations.

How we engage: With many customers we conduct presentations to review and update our sustainability and responsibility program. In addition, many of our customers tour our wood basket where we share progress in sustainably managing our forest resources and our process to improve our wood and wood-fiber management program. We participate in many customer surveys to provide details on our progress.

We gain valuable insights into important environmental design criteria through innovation partnerships where we jointly develop packaging solutions.

GRAPHIC PACKAGING VALUES OUR PARTNERSHIPS WITH THE COMMUNITIES AND STATES WHERE WE HAVE OPERATIONS.

COMMUNITY, STATE AND FEDERAL

Our representatives and government agencies are critical stakeholders. We play an active role educating and advocating for paper-based products.

How we engage: Along with communicating our sustainability and responsibility programs, we share the impacts of legislation and regulation on operations and their ability to execute these programs. Engagements with these groups include one-on-one meetings, facility tours and town hall meetings.
INVESTORS
Investors provide feedback on our vision and strategy, as well as our innovation successes and impact from a climate perspective. They bring a unique perspective with a broad-based view of other like-minded companies.

How we engage: The CEO, CFO, and Vice President of Investor Relations at Graphic Packaging maintain an open dialogue with our stockholders and prospective stockholders. We communicate with our stockholders through four scheduled earnings calls per year, including a Q&A session. We also proactively schedule meetings with existing and perspective stockholders in their offices, host field trips to our mills and converting plants, and host small groups at our headquarters in Atlanta. We also periodically engage with stockholders on specific areas of interest including sustainability and innovation.

We routinely update our Board of Directors on our past and expected stockholder interactions.

As it relates to sustainability, we participated in the RobecoSAM Corporate Sustainability Assessment in 2017, and plan to do so in 2018.

SUPPLIERS
Suppliers are critical stakeholders for Graphic Packaging. Early in our sustainability journey we would meet with our core suppliers to discuss strategy to reduce our environmental profile and improve environmental metrics of our products. As our program has matured, we now concentrate on innovations that improve our products. Key areas of focus include inks, adhesives and barrier materials where we consider renewable materials and positive end-of-life outcomes.

How we engage: We have a team approach with suppliers regarding innovation. Developing the next generation of inks, adhesives and barrier coatings that meet high expectations for sustainability requires subject matter expertise in chemistry, renewable materials, processing and recyclability and understanding biodegradability and composting.
EMPLOYEES

Our employees are an essential stakeholder group, integral to achieving our goals. They help us to understand and appreciate how our operations and products impact the communities in which we operate. Potential employees and recruits also provide a unique perspective. In many cases, they validate our program as shown by their eagerness to explore employment opportunities with a company whose belief system aligns with theirs.

How we engage: Sustainability and responsibility are included in our CEO’s quarterly business update, which is videotaped and made available to all of our employees. Employees who attend the filming of this Town Hall-style presentation provide questions and comments, resulting in more in-depth discussions on a variety of topics. Each spring, our employees conduct presentations with children through our TICCIT program. These presentations are an opportunity for our employees to not only educate the children in our communities, but also respond to the questions that are being asked. The feedback and questions from children provide valuable insight from an enlightened group of stakeholders.

Our engagement efforts provide valuable feedback that has helped frame the direction of our sustainability and social responsibility initiatives.

Feedback provided:

- The need for a more structured waste diversion program which is now included in the 2025 Vision,
- Graphic Packaging’s Sustainability and Social Responsibility programs are advanced compared to peer groups. The programs have been recognized by MillerCoors and Kellogg with Supplier of the Year and Corporate Responsibility awards,
- The need for a formal Corporate Responsibility report – covering sustainability and social responsibility,
- Customers responded positively to Graphic Packaging’s focus on a few relevant goals in 2008 and the expansion of programs in 2025 Vision.
Management Approach

Identifying Impacts and Establishing Goals
The initial goals, established in 2008, were selected as a result of a collaborative review of our business and products with external stakeholder groups, as well as internal discussions with our leadership team. We targeted a few goals to improve Graphic Packaging’s environmental profile and our products’ environmental profile. The environmental component was reviewed using Life Cycle Analysis (LCA) with our partner thinkstep AG, which provides industry-leading sustainability software, data and consulting services, and used internationally-accepted LCA methodologies. We focused our attention on greenhouse gases, electricity and water as the primary considerations in our products life cycle. Further, the climate change concerns discussed at stakeholder meetings indicated that these three areas were the most impactful to addressing climate concerns, particularly greenhouse gases.

Reducing emissions, electricity consumption and water use require significant capital investment, especially in our paperboard mills. The impact to the community and environment is lower greenhouse gas emissions (Macon Biomass) and less water use (Sparta Water Reuse Project). The impact to the community and economy from the investment is higher tax revenue and security in jobs. The impact to consumers is cost-savings and responsible packaging.

VISION 2025
In 2016, we reviewed our accomplishments and progress against our goals. Through further engagement, we established our 2025 goals on key metrics and programs. Vision 2025 was reviewed and approved by the North America Social Responsibility Leadership team and Executive Leadership. These leadership groups agreed that the accomplishments were a springboard to establishing stretch goals and identifying breakthrough ideas for future improvements. With the encouragement of our Executive Leadership team, we developed the mindset that we need to be aggressive in setting goals and build on our earlier successes.

We’ll continue to achieve sustainable business results by accelerating growth, increasing our market position, improving profitability, and enhancing our environmental profile.
Evaluating our Programs and Monitoring Progress to Achieve our Goals

We have a structured program to engage internal leadership strategically and tactically to ensure that we are managing our sustainability and social responsibility strategy to achieve aggressive goals. Several operating groups have responsibility to execute strategy and report.

<table>
<thead>
<tr>
<th>JAN 2017</th>
<th>DEC 2017</th>
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<tbody>
<tr>
<td><strong>ANNUALLY</strong></td>
<td><strong>ANNUALLY</strong></td>
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<tr>
<td>• Annual Board Sustainability Update</td>
<td>• Annual Board Sustainability Update</td>
</tr>
<tr>
<td>• Annual summation from General Counsel including compliance and corporate governance highlights</td>
<td>• Annual summation from General Counsel including compliance and corporate governance highlights</td>
</tr>
<tr>
<td>• Leadership Sustainability Performance Review highlighting status toward goals, key programs and market trends</td>
<td>• Leadership Sustainability Performance Review highlighting status toward goals, key programs and market trends</td>
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<tr>
<td>• Scorecard update through the CEO Video</td>
<td>• Scorecard update through the CEO Video</td>
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<tr>
<th>JAN</th>
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<tr>
<td>• President and CEO reports to Board on sustainability and social responsibility initiatives and HS&amp;E matters</td>
<td>• President and CEO reports to Board on sustainability and social responsibility initiatives and HS&amp;E matters</td>
<td>• President and CEO reports to Board on sustainability and social responsibility initiatives and HS&amp;E matters</td>
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<td>• General Counsel delivers HS&amp;E updates to Board</td>
<td>• General Counsel delivers HS&amp;E updates to Board</td>
<td>• General Counsel delivers HS&amp;E updates to Board</td>
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<tr>
<td>• Meetings of Global Sustainability &amp; Social Responsibility Steering Team</td>
<td>• Meetings of Global Sustainability &amp; Social Responsibility Steering Team</td>
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<td>• Meetings of North America Social Responsibility Leadership Team</td>
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<td>• Monthly reports provided from our mills to the EVP of the Mill Division and VP of Government Affairs and Sustainability with data on Vision 2025 topics</td>
<td>• Monthly reports provided from our mills to the EVP of the Mill Division and VP of Government Affairs and Sustainability with data on Vision 2025 topics</td>
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<td>• HS&amp;E Steering Committee Meeting – VP Government Affairs and Sustainability, VP of Health Safety and Environmental and President and CEO meet to discuss updates on sustainability and social responsibility matters through HS&amp;E updates every 60 days. The review is reported to the Board of Directors.</td>
<td>• HS&amp;E Steering Committee Meeting – VP Government Affairs and Sustainability, VP of Health Safety and Environmental and President and CEO meet to discuss updates on sustainability and social responsibility matters through HS&amp;E updates every 60 days. The review is reported to the Board of Directors.</td>
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<tr>
<td>• VP Health, Safety and Environmental provides updates on key programs monthly to the Executive Leadership team</td>
<td>• VP Health, Safety and Environmental provides updates on key programs monthly to the Executive Leadership team</td>
<td>• VP Health, Safety and Environmental provides updates on key programs monthly to the Executive Leadership team</td>
<td>• VP Health, Safety and Environmental provides updates on key programs monthly to the Executive Leadership team</td>
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</table>
Communication Platforms
Holding ourselves accountable for our goals is vital to our success. We share information throughout the organization, including progress updates and any critical concerns about our sustainability and social responsibility programs with our Board.

BOARD OF DIRECTORS OVERSIGHT
Board of Directors Sustainability Update
The Board of Directors is regularly updated on sustainability and social responsibility issues and feedback is provided as appropriate.

LEADERSHIP TEAM
Health, Safety and Environmental Steering Committee Meeting
Updates on key programs are reviewed with the President and CEO and key executives. Strategy and tactical changes are made as appropriate.

Final Approval and Sign Off
The CEO provides final approval for the Sustainability and Social Responsibility Report.

OUR EMPLOYEES
Quarterly CEO video
Sustainability is included in the CEO video that is posted quarterly for all employees to review. The sustainability section provides status toward goals and key programs.

EXTERNAL STAKEHOLDERS
We believe in transparency and we are committed to sharing our environmental profile with external stakeholders.

Reporting
We track greenhouse gas emissions, wood-fiber sourcing, water use and supply chain initiatives through CDP, formerly the Carbon Disclosure Project. Our data is shared with customers.

Environmental and Social Responsibility Awareness
We are a member of Sedex, the Supplier Ethical Data Exchange. This is a not-for-profit organization dedicated to driving improvements in responsible and ethical business practices in global supply chains. We also participate with EcoVadis which promotes sustainable procurement practices.

Certifications and Audits
We have partnered with Bureau Veritas - an internationally recognized third party audit and compliance group – to verify conformance with the objectives, performance measures, and indicators of the forestry certification programs and social compliance through the Sedex Members Ethical Trade Audit (SMETA).

ALL STAKEHOLDERS
Sustainability Report
In preparation of this inaugural report, we have considered and incorporated as appropriate the Global Reporting Initiative (GRI) reporting principles. We are committed to continuing to update stakeholders on our Vision 2025 progress on a biennial basis. This material references the GRI Standards 2016 and we are actively working to issue a GRI Standards - Core report in future years. This report, and other updates will be published on our website at: http://www.graphicpkg.com/NA/EN/Sustainability/Pages/Home.aspx?x=37.

Ninety eight percent of our global converting sites that have been a part of our business for a year or more have completed or are scheduled to complete an audit for the first time in 2018. These Social Compliance audits (SMETA) are conducted every 3 years or earlier. At this time, we only conduct these audits at converting locations, therefore mills, corporate offices and R&D facilities are not included in the measurement.
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<td>Reference</td>
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Executive Summary

About Graphic Packaging Environmental Performance Governance

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102-52 | Reporting cycle
102-53 | Contact point for questions regarding the report
102-54 | Claims of reporting in accordance with the GRI Standards
102-55 | GRI content index
102-56 | External assurance
103-1 | Explanation of the material topic and its Boundary
103-2 | The management approach and its components
103-3 | Evaluation of the management approach

GRI 301: MATERIALS (2016)

301-1 | Materials used by weight or volume
301-2 | Recycled input materials used
301-3 | Reclaimed products and their packaging materials

This is the inaugural report for Graphic Packaging Holding Company

See page 39.

We intend to issue reports biennially. We may provide updates in the case of significant events.

Andrew Johnson
Vice President, Government Affairs & Sustainability
1500 Riveredge Pkwy NW, Suite 100
Atlanta GA 30328
Andrew.johnson@graphicpkg.com

N/A. See page 39

See page 40

We intend to obtain external assurance in connection with subsequent reports

See page 37

This report provides information about our process for establishing our Sustainability Vision 2025 goals. We intend to disclose additional information in subsequent reports.

See page 36-37

See page 38-39

This information is being calculated and we intend to include in subsequent reports

This information is being calculated and we intend to include in subsequent reports

This information is being calculated and we intend to include in subsequent reports
### GRI 302: ENERGY (2016)

#### 302-1  
Energy consumption within the organization

<table>
<thead>
<tr>
<th>Fuel Source</th>
<th>Gigajoules</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diesel / Gas Oil</td>
<td>96,314</td>
<td>0.21%</td>
</tr>
<tr>
<td>Kerosene</td>
<td>850</td>
<td>0.00%</td>
</tr>
<tr>
<td>Motor Gasoline</td>
<td>6,354</td>
<td>0.01%</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>17,116,020</td>
<td>37.84%</td>
</tr>
<tr>
<td>Distillate Fuel Oil No 2</td>
<td>2,408</td>
<td>0.01%</td>
</tr>
<tr>
<td>Propane</td>
<td>38,610</td>
<td>0.09%</td>
</tr>
<tr>
<td>Waste Oils</td>
<td>3,359</td>
<td>0.01%</td>
</tr>
<tr>
<td>Biomass</td>
<td>27,967,820</td>
<td>61.83%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>45,231,736</td>
<td></td>
</tr>
</tbody>
</table>

Electricity Usage (GJ) 3,444,800

Heating, cooling and steam consumption will be disclosed in subsequent reports.

Electricity Sold (GJ) 81,274

Heating, cooling and steam sold will be disclosed in subsequent reports.

All Energy information is collected in MWH and converted to GJ for purposes of this report.

#### 302-2  
Energy consumption outside of the organization

This information is being calculated and we intend to include in subsequent reports.

#### 302-3  
Energy intensity

The energy intensity ratio for 2017 was 4.43 (MMBTUs/$1,000 Sales) This includes all non-renewable energy sources identified in 302-1.

#### 302-4  
Reduction of energy consumption

Our total energy consumption in 2017 increased by 1869895 MmBTUs from 2016. Our consumption per $1,000 of sales decreased from 11.13 MMBTU in 2016 to 10.44 MMBTU in 2017.

#### 302-5  
Reductions in energy requirements of products and services

This information is being calculated and we intend to include in subsequent reports.
### Requirement

**GRI 303: WATER (2016)**

- **303-1** Water withdrawal by source
- **303-2** Water sources significantly affected by withdrawal of water
- **303-3** Water recycled and reused

**Reference**

- See page 27
- See page 28
- See page 28

Produced water is the water that is extracted from the wood chips and put back into the manufacturing process. This represents 1.8% of total water influents.

### Requirement

**GRI 304: BIODIVERSITY (2016)**

- **304-1** Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
- **304-2** Significant impacts of activities, products, and services on biodiversity
- **304-3** Habitats protected or restored
- **304-4** IUCN Red List species and national conservation list species with habitats in areas affected by operations

**Reference**

- We intend to include in subsequent reports
- We intend to include in subsequent reports
- We intend to include in subsequent reports
- We intend to include in subsequent reports

### Requirement

**GRI 305: EMISSIONS (2016)**

- **305-1** Direct (Scope 1) GHG emissions
- **305-2** Energy indirect (Scope 2) GHG emissions
- **305-3** Other indirect (Scope 3) GHG emissions
- **305-4** GHG emissions intensity
- **305-5** Reduction of GHG emissions

**Reference**

- See page 24
- See page 24 and responses to 305-1
- N/A
- See page 24
- See page 24
### Requirement

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>305-6</td>
<td>Emissions of ozone-depleting substances (ODS)</td>
</tr>
<tr>
<td>305-7</td>
<td>Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions</td>
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</tbody>
</table>

### Reference

- We intend to include in subsequent reports

### GRI 306: EFFLUENTS AND WASTE (2016)

<table>
<thead>
<tr>
<th>Requirement</th>
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</tr>
</thead>
<tbody>
<tr>
<td>306-1</td>
<td>Water discharge by quality and destination</td>
</tr>
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</table>

### GRI 307: ENVIRONMENTAL COMPLIANCE (2016)

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>307-1</td>
<td>Non-compliance with environmental laws and regulations</td>
</tr>
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</table>

### GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT (2016)

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Description</th>
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<tbody>
<tr>
<td>308-1</td>
<td>New suppliers that were screened using environmental criteria</td>
</tr>
<tr>
<td>308-2</td>
<td>Negative environmental impacts in the supply chain and actions taken</td>
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</table>

### Environmental Performance

<table>
<thead>
<tr>
<th>2017 Water (megaliters / year)</th>
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<tbody>
<tr>
<td>Fresh Surface Water</td>
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<tr>
<td>Brackish surface water / seawater</td>
</tr>
<tr>
<td>Groundwater</td>
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<tr>
<td>Third-party destinations</td>
</tr>
<tr>
<td><strong>TOTAL Water Discharge</strong></td>
</tr>
<tr>
<td>Total process water discharge</td>
</tr>
<tr>
<td>Non-contact river water for cooling returned to river</td>
</tr>
<tr>
<td>Water discharged to surface water</td>
</tr>
<tr>
<td>Water discharged to municipal</td>
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</tbody>
</table>