Risk Factors Comparison 2024-02-16 to 2023-02-17 Form: 10-K

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The Company faces **a variety of risks, including** risks in the normal course of business and through global, regional, and local events that could have an adverse impact on its reputation, operations, and financial performance. The ~~Board~~ **following are material risk factors** of ~~Directors exercises oversight of~~ **which we are aware, including risk factors that could cause** the Company' s ~~enterprise~~ **actual results to differ materially from those contemplated in any forward- looking statement. If any of the events or circumstances described in any of the following** risk ~~management program~~ **factors occurs** , **our business** ~~which includes strategic~~ , **results of** ~~operational~~ **operations** and **/ or** financial **condition could be materially** ~~matters, as well as compliance~~ and **adversely affected,** ~~legal risks. The Audit~~ and ~~Finance Committee coordinates~~ **our actual results may differ materially from** ~~the~~ **those contemplated in any forward- looking statements we make in any public disclosures** ~~risk oversight role exercised by the Board' s standing committees and management, and it receives updates on the risk management processes twice per year~~ . ~~In addition~~ **Additional** ~~to the risks~~ **factors that could affect our business, results of operations** and ~~uncertainties~~ **/ or financial condition are** discussed elsewhere in this Annual Report on Form 10- K (~~particularly~~ **including** in Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations) **and** ~~, or~~ in the Company' s other filings with the Securities and Exchange Commission **. Moreover** , ~~the following are some important factors~~ **risks or uncertainties not presently known to us, or** that ~~could cause the Company' s actual~~ **we currently deem immaterial, may adversely affect our business,** results ~~to differ materially from those projected in any forward- looking statement. If any of the events or circumstances described in any of the following risk factors occurs, our business, results~~ of operations **, and /** or financial condition ~~could be materially and adversely affected, and our actual results may differ materially from those contemplated in any forward- looking statements we make in any public disclosures~~ . RISKS RELATING TO MARKET AND ECONOMIC FACTORS ADVERSE DEVELOPMENTS IN GENERAL BUSINESS AND ECONOMIC CONDITIONS COULD HAVE AN ADVERSE EFFECT ON THE DEMAND FOR OUR PRODUCTS AND OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS. General economic conditions may adversely affect industrial non- durable goods production, consumer **confidence and** spending, commercial printing and advertising activity, **and** white- collar employment levels ~~and consumer confidence~~ , all of which impact demand for our products, or otherwise adversely affect our business. We may also be adversely affected by catastrophic or other unforeseen events, including ~~future~~ health epidemics or pandemics, **such as COVID- 19,** natural disasters, geopolitical events, **military conflicts,** terrorism **, port and canal blockages and similar disruptions** , political, financial or social instability, or civil or social unrest **. Future health pandemics could adversely impact portions of our business to varying degrees, including as the result of lower demand for certain products, supply chain and labor disruptions, and higher costs. These effects could have a material impact on our business, results of operations, cash flow, liquidity, or financial condition** . Moreover, negative economic conditions or other adverse developments with respect to our business have resulted in, and may in the future result in impairment charges which could be material. Volatility or uncertainty in the financial, capital and credit markets, ~~which impacts~~ **and negative developments associated with** interest rates **, asset values** , currency exchange rates and the availability of credit, could also have a material adverse effect on our business, financial condition and our results of operations. Macroeconomic conditions in the U. S. and globally continue to be challenging in various respects, including as the result of ~~slow or negative GDP growth in recent quarters,~~ significant inflationary pressures, elevated interest rates, challenging labor market conditions, and ~~disruptions to supply networks~~ **adverse effects associated with current geopolitical conditions** . Our operations have been adversely affected by, and are expected to continue to be adversely affected by, these negative macroeconomic conditions, including as the result of **lower demand for certain products,** higher raw material and labor costs ~~, supply chain constraints and disruptions, and a constrained transportation environment~~ . Moreover, any significant deterioration in current negative macroeconomic conditions, or any recovery therefrom that is significantly slower than anticipated, could have a material adverse effect on our business, results of operations or financial condition. Further if current negative macroeconomic conditions result in significant disruptions to capital and financial markets, our cost of borrowing, our ability to access capital on favorable terms, and our overall liquidity could be adversely affected **. The COVID- 19 pandemic adversely impacted portions of our business to varying degrees, including as the result of lower demand for certain of our products, supply chain and labor disruptions, and higher costs. If public health conditions related to COVID- 19 or a similar health epidemic or pandemic were to significantly worsen in the U. S. or in other markets in which we operate, our business and financial results could be adversely impacted, and we may be unable to effectively respond to or predict any such developments** . CHANGES IN INTERNATIONAL CONDITIONS OR OTHER RISKS ARISING FROM CONDUCTING BUSINESS INTERNATIONALLY COULD ADVERSELY AFFECT OUR BUSINESS AND RESULTS OF OPERATIONS. ~~Our operating results~~ **As a global producer of renewable fiber- based packaging** and ~~business prospects~~ **pulp products, we** could be substantially affected by risks related to the countries outside the U. S. in which we have manufacturing facilities or sell our products. These risks, which can vary substantially by country, may include economic or political instability, geopolitical events ~~(such as between Ukraine and Russia and / or increasing tensions between China and Taiwan)~~ , corruption, anti- American sentiment, social and ethnic unrest **, natural disasters, military conflicts and terrorism** , the regulatory environment (including the risks of operating in developing or emerging markets in which there are significant uncertainties regarding the interpretation and enforceability of legal requirements **and the enforceability of contracts rights and intellectual property rights**) ~~,~~ fluctuations in the value of local currency versus the U. S. dollar, **foreign exchange control regimes (including**

restrictions on currency conversion) repatriating cash from foreign countries to the U. S., downturns or changes in economic conditions (including in relation to commodity inflation), adverse tax consequences or rulings, **import restrictions or controls, economic sanctions, health guidelines and safety protocols,** nationalization **,** ~~or any change~~ **changes** in social, political or labor conditions **, and adverse developments regarding** ~~in any of these countries or regions impacting matters such as~~ sustainability, environmental regulations and trade policies and agreements, **any of which risks** could negatively affect our financial results **. For example, a significant portion of sales from our Global Cellulose Fibers business are concentrated in China and could be adversely affected by changes in economic conditions and demographics in China** . Trade protection measures in favor of local producers of competing products, including governmental subsidies, tax benefits and other measures giving local producers a competitive advantage over us, may also adversely impact our operating results and business prospects in these countries. Likewise, disruption in existing trade agreements or increased trade friction between countries (such as in relation to the trade tensions between the U. S. and China), which ~~can~~ **may** result in tariffs, could have a negative effect on our business and results of operations by restricting the free flow of goods and services across borders. **During the third quarter of 2023, we completed the sale of our ownership stake in Ilim and Ilim Group, and we no longer have investments in Russia following the completion of this sale. Prior to the completion of this sale, the military conflict between Russia and Ukraine adversely affected our Ilim joint venture and our financial results, including as the result of economic sanctions, actions by the Russian government, and associated domestic and global economic and geopolitical conditions. Additionally, while we no longer have any investments in Russia, we may continue to be adversely affected by ongoing geopolitical instability and the economic consequences and disruptions arising therefrom, including as the result of the military conflict between Russia and Ukraine, the military conflict between Israel and Hamas, and increasing tensions between China and Taiwan. These risks may be further heightened in the event of the expansion in the scope or escalation of any such military conflicts.** In addition, our international operations are subject to regulation under U. S. law and other laws related to operations in foreign jurisdictions **, including laws prohibiting bribery of government officials and other corrupt practices** . For example, the Foreign Corrupt Practices Act **of 1977, as amended,** prohibits U. S. companies and their representatives from offering, promising, authorizing or making payments to foreign officials for the purpose of obtaining or retaining business abroad, and the U. S. Department of Treasury' s Office of Foreign ~~Asset~~ **Assets** Control and other non- U. S. government entities maintain economic sanctions targeting various countries, persons and entities. Failure to comply with domestic or foreign laws could result in various adverse consequences, including the imposition of civil or criminal sanctions **, damage to our reputation** and the prosecution of executives overseeing our international operations. RISKS RELATED TO CLIMATE AND WEATHER WE ARE SUBJECT TO ~~PHYSICAL, OPERATIONAL, TRANSITIONAL AND FINANCIAL~~ RISKS ASSOCIATED WITH CLIMATE CHANGE **AND OTHER SUSTAINABILITY MATTERS** AND GLOBAL, REGIONAL AND LOCAL WEATHER CONDITIONS AS WELL AS BY LEGAL, REGULATORY, AND MARKET RESPONSES TO CLIMATE CHANGE. Climate change impacts, including rising temperatures and the increasing severity and / or frequency of adverse weather conditions, may result in operational impacts on our facilities, supply chain disruptions and increased raw material and other costs. These adverse weather conditions and other physical impacts which may be exacerbated as the result of climate change include floods, hurricanes, tornadoes, earthquakes, hailstorms, wildfires, snow, ice storms and drought. Climate change may also contribute to the decreased productivity of forests and adverse impacts on the distribution and abundance of species, **and** the spread of disease and insect epidemics, any of which developments could adversely affect timber harvesting. The effects of climate change and global, regional and local weather conditions, including the resulting financial costs of compliance with legal or regulatory initiatives, could have a material adverse effect on our results of operations and business. There has been an increased focus, including from investors, **customers,** the general public ~~and~~ **,** U. S. and foreign governmental and nongovernmental authorities, regarding **sustainability** ~~environmental, social and governance (ESG)~~ matters, including with respect to climate change, GHG emissions, packaging and waste, sustainable supply chain practices, **biodiversity,** deforestation, ~~and~~ land, energy and water use **, diversity and inclusion and other human capital matters** . This increased **focus on sustainability** ~~awareness with respect to ESG~~ matters, including climate change, may result in more prescriptive reporting requirements with respect to ~~ESG~~ **sustainability** metrics, an increased expectation that such metrics will be voluntarily disclosed by companies such as ours, and increased pressure to make commitments, set targets, or establish goals, and take action to meet them. As the result of this increased focus and our commitment to ~~ESG~~ **sustainability** matters, we have voluntarily provided disclosure and established targets and goals with respect to various ~~ESG~~ **sustainability** matters, including climate change. For example, we have made public commitments regarding our intended reduction of carbon emissions, including our Vision 2030 ~~Goal~~ **goal** of reducing Scope 1, 2 and 3 GHG emissions by 35 % ~~and~~ **from 2019- 2030, which** have ~~received~~ **been** ~~approval~~ **approved** by SBTi ~~of these targets~~ as consistent with levels required to meet the goals of the **2015** Paris Agreement. Meeting these and other ~~ESG~~ **sustainability** targets and goals have increased, and may continue to increase, our capital and operational costs. There also continues to be a lack of consistency in legal and regulatory initiatives regarding climate change across jurisdictions and various governmental entities. **We** ~~Additionally, we may~~ also **expect to** incur additional expenses as a result of U. S. and international regulators requiring additional disclosures regarding GHG emissions. Further, there can be no assurance regarding the extent to which our climate and other ~~ESG~~ **sustainability** targets will be achieved, and the achievement of these targets is subject to various risks and uncertainties, some of which are outside our control ~~. For example, there has been limited net change in our combined Scope 1 and Scope 2 emissions from 2019 to 2021, which we believe was largely due to increased mill production over this period, along with other factors driven by COVID- 19 disruption, mill operations, weather events and energy supplies~~ . Moreover, there is no assurance that investments made in furtherance of achieving such targets and goals will meet investor expectations or any binding or non- binding legal standards regarding sustainability performance. If we are unable to meet ~~these~~ climate and other ~~ESG~~ **sustainability** targets and goals, ~~this failure~~ **on our projected timelines or at all, or if such goals and targets are perceived negatively, including the perception**

that they are not sufficiently robust or, conversely, are too costly or not otherwise in our best interests, any such developments could adversely impact our reputation as well as investor, customer and other stakeholder relationships, which could adversely impact our business and results of operations. Moreover, not all of our competitors ~~may seek to~~ establish climate or other ~~ESG~~ **sustainability** targets and goals at ~~a~~ comparable ~~level~~ **levels** to ours, which could result in **competitors having** lower supply chain or operating costs ~~for competitors~~ **as well as reduced reputational risks associated with not meeting such goals** . Other climate- related business risks that we face include risks related to the transition to a lower- carbon economy, such as increased prices for **fossil** fuels; the introduction of a carbon tax; increased ~~regulations~~ - **regulation of our operations and our products, and the resulting potential for increased litigation** ; and more stringent and / or complex environmental and other permitting requirements. To the extent that climate- related business risks materialize, particularly if we are unprepared for them, we may incur unexpected costs, and our business may be materially and adversely affected. RISKS RELATED TO OUR INDEBTEDNESSTHE LEVEL OF OUR INDEBTEDNESS COULD ADVERSELY AFFECT OUR FINANCIAL CONDITION AND IMPAIR OUR ABILITY TO OPERATE OUR BUSINESS. As of December 31, ~~2022~~ **2023** , we had approximately $ 5. 6 billion of outstanding indebtedness. The level of our indebtedness could have important consequences to our financial condition, operating results and business, including the following: • it may limit our ability to obtain additional debt or equity financing for working capital, capital expenditures, product development, dividends, share repurchases, debt service requirements, acquisitions and general corporate or other purposes; • a portion of our cash flows from operations will be dedicated to payments on indebtedness and will not be available for other purposes, including operations, capital expenditures and future business opportunities; • the debt service requirements of our indebtedness could make it more difficult for us to satisfy other obligations; • it may limit our ability to adjust to changing market conditions, including to take actions in connection with ~~rising~~ **elevated** interest rates (such as in the current ~~rising~~ **elevated** interest rate environment), and place us at a competitive disadvantage compared to our competitors that have less debt; • it may increase our exposure to risks related to fluctuations in foreign currency as we earn profits in a variety of currencies around the world and our debt is denominated in U. S. dollars; • it may increase our exposure to the risk of increased interest rates insofar as we are compelled to refinance indebtedness at higher interest rates, which risk is heightened by the current high interest rate environment; and • it may increase our vulnerability to a downturn in general economic conditions or in our business, and may make us unable to carry out capital spending that is important to our growth. In addition, we are subject to agreements governing our indebtedness that require us to meet and maintain certain financial ratios and covenants. A significant or prolonged downturn in general business and economic conditions, or other significant adverse developments with respect to our results of operations or financial condition, may affect our ability to comply with these covenants or meet those financial ratios and tests and could require us to take action to reduce our debt or to act in a manner contrary to our current business objectives. Moreover, the restrictions associated with these financial ratios and covenants may prevent us from taking actions that we believe would be in the best interest of our business and may make it difficult for us to execute our business strategy successfully or effectively compete with companies that are not similarly restricted. Additionally, despite these restrictions, we may be able to incur substantial additional indebtedness in the future, which might subject us to additional restrictive covenants that could affect our financial and operational flexibility and otherwise increase the risks associated with our indebtedness as noted above. WE ARE SUBJECT TO RISKS ASSOCIATED WITH OUR VARIABLE RATE DEBT ~~AND THE UPCOMING TRANSITION FROM LIBOR TO SOFR.~~ We have interest rate risk, primarily related to **variable rate debt in the aggregate amount of approximately $ 908 million as of December 31, 2023, associated with** our short- term cash investments, variable rate debts, supply chain financing, short- term debt and the installment notes and loans in the Temple **-** Inland timber monetization special purpose entities. Interest rates rose significantly during 2022 and **2023 and** could remain high and volatile in ~~2023~~ **2024** and beyond. Changes in interest rates impact how much we earn on our short **-** term cash investments, the interest rate we pay on our variable rate debt and credit agreements, the cost of supply chain financing and the refinance rate of our short **-** term debt. ~~In~~ **For** ~~addition~~ **additional information** , **see " Market Risk – Interest** ~~as of December 31, 2022, $ 127 million of our variable rate~~ **Rate** ~~debt continued to be priced based~~ **Risk " in Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations** on **page 44** ~~the London Interbank Offered Rate (" LIBOR ") with the remaining $ 195 million of our variable rate debt priced based on the Secured Overnight Financing Rate (" SOFR "). The ICE Benchmark Administration announced that it will cease calculating and publishing all USD LIBOR tenors on June 30, 2023. All of our variable rate debt that continues to be priced based upon LIBOR will need to either be amended, refinanced or paid off prior to the June 30, 2023 deadline, with any new variable rate debt needing to be based upon SOFR. In addition, the installment notes and some of the loans in the Temple Inland timber monetization special purpose entities are also priced based on LIBOR, and we are working to change the pricing index with respect to such notes and loan to SOFR before the June 30, 2023 deadline. SOFR is calculated differently from LIBOR and has inherent differences from LIBOR, which could give rise to risks and uncertainties, including the limited historical data and volatility in the benchmark rates. The full effects to us of the transition to SOFR remain uncertain~~ . CHANGES IN CREDIT RATINGS ISSUED BY NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATIONS COULD ADVERSELY AFFECT OUR COST OF FINANCING AND HAVE AN ADVERSE EFFECT ON THE MARKET PRICE OF OUR SECURITIES. Maintaining an investment- grade credit rating is an important element of our financial strategy **. A** ~~, and a~~ downgrade of the Company' s ratings below investment grade will likely eliminate our ability to access the commercial paper market, may limit our access to the capital markets, have an adverse effect on the market price of our securities, increase our cost of borrowing and require us to post collateral for derivatives in a net liability position. Our desire to maintain the Company' s investment grade rating may cause us to take certain actions designed to improve our cash flow, including sale of assets, suspension or reduction of our dividend and reductions in capital expenditures and working capital. Under the terms of the agreements governing approximately $ ~~539~~ **1. 1** ~~million~~ **billion** of our debt as of December 31, ~~2022~~ **2023** , the applicable interest rate on such debt may increase upon each downgrade in our credit rating ~~below investment grade~~ . As a result, a downgrade in our credit rating ~~below investment grade~~ may lead to an increase in our interest expense. There can be no assurance that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies ~~,~~ if, in each rating agency' s judgment, circumstances so warrant. Any such downgrade, suspension or withdrawal of our credit ratings could adversely affect our cost of borrowing, limit our access to the capital markets or result in more restrictive covenants in agreements governing the terms of any future indebtedness that we may incur. DOWNGRADES IN THE CREDIT RATINGS OF BANKS ISSUING CERTAIN LETTERS OF CREDIT WILL INCREASE OUR COST OF MAINTAINING CERTAIN INDEBTEDNESS AND MAY RESULT IN THE ACCELERATION OF DEFERRED TAXES. We are subject to the risk that a bank with currently issued irrevocable letters of credit supporting installment notes in connection with Temple- Inland' s 2007 sales of forestlands, may be downgraded below a required rating. Prior to 2013, certain banks had fallen below the required ratings threshold and were successfully replaced, or waivers were obtained regarding their replacement. As a result of continuing uncertainty in the banking environment, some of the letter- of-credit banks currently in place remain subject to risk of downgrade and the number of qualified replacement banks remains limited. The downgrade of one or more of these banks may subject us to additional costs of securing a replacement letter- of-credit bank or could result in an acceleration of payments of up to $ 485 million in deferred income taxes if replacement banks cannot be obtained. The deferred taxes are currently recorded in our consolidated financial statements. See Note 15, Variable Interest Entities, on pages ~~75 and 76~~ **78 through 80** , and Note 13. Income Taxes, on pages ~~69~~ **72** through ~~71~~ **74** , in Item 8. Financial Statements and Supplementary Data for further information. RISKS RELATING TO OUR PENSION AND HEALTHCARE COSTSOUR PENSION AND HEALTH CARE COSTS ARE SUBJECT TO NUMEROUS FACTORS WHICH COULD CAUSE THESE COSTS TO CHANGE. We have defined benefit pension plans covering substantially all U. S. salaried employees hired prior to July 1, 2004 (or later for certain acquired populations, as described in Note ~~19~~ **18** . Retirement Plans, on pages ~~81~~ **82** through 87, in Item 8. Financial Statements and Supplementary Data) and substantially all hourly union and non- union employees regardless of hire date. We froze participation under these plans for U. S. salaried employees, including credited service and compensation on or after January 1, 2019; however, the pension freeze does not affect benefits accrued through December 31, 2018. We provide retiree health care benefits to certain former U. S. employees, as well as financial assistance towards the cost of individual retiree medical coverage for certain former U. S. salaried employees. Our pension costs are dependent upon numerous factors resulting from actual plan experience and assumptions of future experience. Pension plan assets are primarily made up of equity and fixed income investments. Fluctuations in actual market returns on plan assets, changes in general interest rates and ~~changes~~ in the number of retirees may impact pension costs in future periods. Likewise, changes in assumptions regarding current discount rates and expected rates of return on plan assets could increase pension costs. However, the impact of market fluctuations has been reduced as a result of investments in our pension plan asset portfolio which hedge the impact of changes in interest rates on the plan' s funded status. Drivers for fluctuating health costs include unit cost changes, health care utilization by participants, and potential changes in legal requirements and government oversight. OUR U. S. FUNDED PENSION ~~PLANS~~ - **PLAN** ~~ARE~~ **IS** CURRENTLY FULLY FUNDED ON A PROJECTED BENEFIT OBLIGATION BASIS; HOWEVER, THE POSSIBILITY EXISTS THAT OVER TIME WE MAY BE REQUIRED TO MAKE CASH PAYMENTS TO THE ~~PLANS~~ - **PLAN** , REDUCING THE CASH AVAILABLE FOR OUR BUSINESS. We record an asset or a liability associated with our pension plans equal to the surplus of the fair value of plan assets above the benefit obligation or the excess of the benefit obligation over the fair value of plan assets. At December 31, ~~2022~~ **2023** , we had an overfunded **U. S. qualified** pension asset balance **of $ 118 million** . ~~The~~ **When aggregated with U. S. nonqualified pension obligations, the** benefit ~~surplus~~ **deficit** recorded under the provisions of Accounting Standards Codification (" ASC") 715, " Compensation – Retirement Benefits, " at December 31, ~~2022~~ **2023** was $ ~~29~~ **146** million. The amount and timing of future contributions, which could be material, will depend upon a number of factors, including the actual earnings ~~and~~ **,** changes in values of plan assets and changes in interest rates ~~. RISKS RELATED TO THE COVID- 19 PANDEMICTHE COVID- 19 PANDEMIC HAS HAD AN ADVERSE EFFECT ON PORTIONS OF OUR BUSINESS, AND COULD HAVE MATERIAL ADVERSE EFFECTS ON OUR BUSINESS, FINANCIAL CONDITION, RESULTS OF OPERATIONS AND CASH FLOWS IF PUBLIC HEALTH CONDITIONS ASSOCIATED WITH COVID- 19 SIGNIFICANTLY DETERIORATE. COVID- 19 has continued to result in a large number of hospitalizations and deaths in the U. S. and throughout the world, although the macroeconomic impact of the pandemic has decreased in comparison to the impact experienced earlier in the pandemic. The pandemic has had an adverse effect on portions of our business to varying degrees, including as the result of lower demand for certain of our products, supply chain and labor disruptions, and higher costs, and could continue to have adverse effects on our business depending on the future course of the pandemic. Moreover, the pandemic could have a material adverse effect on our business, results of operations, cash flow, liquidity, or financial condition if public health conditions significantly deteriorate. The ongoing impact of the pandemic on us will depend on numerous evolving factors and future developments, which are highly uncertain, including (a) the duration, severity and scope of the pandemic, including the potential spread of more contagious and / or virulent forms of the virus; (b) governmental and public health directives and / or actions taken by our customers, vendors and other private businesses in connection with the pandemic; (c) the availability, acceptance, effectiveness and administration of medical treatments, vaccines and booster shots for COVID- 19; and (d) the extent and duration of the pandemic' s impact on economic conditions and social activity~~ . RISKS RELATING TO INDUSTRY CONDITIONSCHANGES IN THE COST OR AVAILABILITY OF RAW MATERIALS, ENERGY AND TRANSPORTATION HAVE RECENTLY AFFECTED, AND COULD CONTINUE TO AFFECT OUR PROFITABILITY. We rely heavily on the use of certain raw materials (principally virgin wood fiber, recycled fiber, caustic soda, starch and adhesives), energy sources (principally biomass, natural gas, electricity and fuel oil) and third- party companies that transport our goods. The market price of virgin wood fiber varies based upon availability and source. The global supply and demand for recycled fiber may be affected by factors such as trade policies between countries, individual governments' legislation and regulations, and general macroeconomic conditions. In addition, the increase in demand of products manufactured, in whole or in part, from recycled fiber, on a global basis, may cause significant fluctuations in recycled fiber prices. Taking into account ongoing inflationary conditions in the U. S. and globally, we have ~~recently~~ experienced, and **may** ~~expect to~~ continue to experience, a significant increase in various costs, including recycled fiber, energy, freight, chemical, and other supply chain costs, which has adversely affected and is expected to continue to adversely affect our results of operations. Energy prices, in particular prices for oil and natural gas, have fluctuated dramatically in the past ~~and have recently increased (including as the result of the current energy crisis in Europe associated with the Russia- Ukraine conflict),~~ and may continue to increase and / or fluctuate in the future. Moreover, the availability of labor and the market price for fuel may affect our costs for third- party transportation. In addition, because our businesses operate in highly competitive industry segments, we may **have** not **always been able, and may in the future** be ~~able~~ **unable** to recoup past or future increases in the costs of any raw materials, energy sources or transportation sources through price increases to our customers. Our profitability has been, and will continue to be, affected by changes in the costs and availability of such raw materials, energy sources and transportation sources. FLUCTUATIONS IN THE PRICES OF AND THE DEMAND FOR OUR PRODUCTS DUE TO FACTORS SUCH AS ECONOMIC CYCLICALITY AND CHANGES IN **CUSTOMER OR** CONSUMER PREFERENCES **, AND GOVERNMENT REGULATION** COULD MATERIALLY AFFECT OUR FINANCIAL CONDITION, RESULTS OF OPERATIONS AND CASH FLOWS. Substantially all of our businesses have experienced, and are likely to continue to experience, cycles relating to industry capacity and general economic conditions. The length and magnitude of these cycles have varied over time and by product. In addition, changes in **customer or** consumer preferences may increase or decrease the demand for our fiber- based products and non- fiber substitutes. Moreover, **customer and** consumer preferences are constantly changing based on, among other factors, cost, convenience ~~and~~ **,** health concerns and perceptions and an increased awareness of ~~ESG~~ **sustainability** considerations. These ~~consumer~~ preferences may affect the prices of **our products. In addition, regulatory developments, such as new or developing regulation or single- use packaging products could significantly alter the market for** our products. Consequently, our financial results are sensitive to changes in the pricing **, and supply** and demand for our products. In addition, our **reputation and financial** results may be adversely affected if we fail to anticipate trends that would enable us to offer products that respond to changing customer preferences and technological and regulatory developments. COMPETITION IN THE U. S. AND INTERNATIONALLY COULD NEGATIVELY IMPACT OUR FINANCIAL RESULTS. We operate in a competitive environment, both in the U. S. and internationally, in all of our operating segments. Our products compete with similar products produced by other forest products companies. Product innovations, manufacturing and operating efficiencies, additional manufacturing capacity, marketing, distribution and pricing strategies pursued or achieved by competitors, **the increased use of artificial intelligence and machine learning solutions in our industry,** and the entry of new competitors **into** ~~in to~~ the markets we serve could negatively impact our financial results. In addition, our products also compete, in some instances, with companies in other industries that produce substitutes for wood- fiber products, such as plastics and various types of metal **.** ~~, and customer~~ **Customer** shifts away from wood- fiber products toward such substitute products may adversely affect our business **and financial results** . RISKS RELATING TO OUR OPERATIONSMATERIAL DISRUPTIONS AT ONE OF OUR MANUFACTURING FACILITIES COULD NEGATIVELY IMPACT OUR FINANCIAL RESULTS. We operate our facilities in compliance with applicable rules and regulations and take measures to minimize the risks of disruption at our facilities. A material disruption at our corporate headquarters or one of our manufacturing facilities could prevent us from meeting customer demand, reduce our sales and / or negatively impact our financial condition. Any of our manufacturing facilities, or any of our machines within an otherwise operational facility, could cease operations unexpectedly due to a number of events, including: • adverse weather events like fires, floods, earthquakes, hurricanes, winter storms and extreme ~~cold~~ **temperatures** , or other catastrophes (including adverse weather conditions that may be intensified by climate change); • the effect of a drought or reduced rainfall on its water supply; • disruption in the supply of raw materials or other manufacturing inputs; • terrorism or threats of terrorism; • information system disruptions or failures due to any number of causes, including cyber- attacks; • domestic and international laws and regulations applicable to us and our business partners, including joint venture partners, around the world; • unscheduled maintenance outages; • prolonged power failures; • an equipment failure; • a chemical spill or release; • explosion of a boiler or other equipment; • damage or disruptions caused by third parties operating on or adjacent to one of our manufacturing facilities; • disruptions in the transportation infrastructure, including roads, bridges, railroad tracks and tunnels; • a widespread outbreak of an illness or any other communicable disease, ~~such as the outbreak of the COVID- 19 virus,~~ or any other public health crisis **or any impacts related to government regulation as a result thereof** ; • failure of our third- party service providers and business partners to satisfactorily fulfill their commitments and responsibilities in a timely manner and in accordance with agreed upon terms; • labor difficulties; and • other operational problems. Any such downtime or facility damage could prevent us from meeting customer demand for our products and / or require us to make unplanned expenditures. If one of our machines or facilities were to incur significant downtime, our ability to meet our production targets and satisfy customer requirements could be impaired, resulting in lower sales and having a negative effect on our business and financial results. ~~CERTAIN OPERATIONS ARE CONDUCTED BY JOINT VENTURES THAT WE CANNOT OPERATE SOLELY FOR OUR BENEFIT. We have a 50 % equity interest in Ilim S. A., whose primary operations are in Russia. We recently announced our entry into an agreement to sell this equity interest. In joint ventures, such as the Ilim joint venture, we share ownership and management of a company with one or more parties who may or may not have the same goals, strategies, priorities or resources as we do. In general, joint ventures are intended to be operated for the benefit of all co- owners, rather than for our exclusive benefit. Operating a business as a joint venture often requires additional organizational formalities as well as time- consuming procedures for sharing information and making decisions. In joint ventures, we are required to pay more attention to our relationship with our co- owners as well as with the joint venture, and if a co- owner changes, our relationship may be adversely affected. In addition, the benefits from a successful~~

~~joint venture are shared among the co- owners, so we receive only our portion of those benefits. OUR FINANCIAL RESULTS AND BUSINESSES, INCLUDING OUR ILIM JOINT VENTURE, HAVE BEEN, AND MAY CONTINUE TO BE, ADVERSELY AFFECTED BY THE CURRENT MILITARY CONFLICT BETWEEN RUSSIA AND UKRAINE, INCLUDING ONGOING OR FUTURE SANCTIONS AND EXPORT CONTROLS TARGETING RUSSIA AND OTHER RESPONSES TO RUSSIA' S INVASION OF UKRAINE. The global economy has been, and may continue to be, negatively impacted by Russia' s invasion of Ukraine. As a result of Russia' s invasion of Ukraine, the U. S., the United Kingdom, the European Union and other G7 countries, among other countries, have imposed coordinated financial and economic sanctions and export control measures on many industry sectors and parties in Russia. The negative impacts arising from the conflict and these sanctions and export control measures as well as sanctions and other actions taken by Russia have included and may continue to include reduced consumer demand, supply chain disruptions and increased costs for transportation, raw materials and energy, including recent energy increases which have been particularly acute in Europe. We continue to carefully monitor the conflict and the potential impact of financial and economic sanctions and export control measures on the regional and global economy. We have a 50 % equity interest in Ilim, the parent company of Ilim Group, whose primary operations are in Russia. Specifically, Ilim Group' s facilities include three paper mills located in Bratsk, Ust- Ilimsk, and Koryazhma, Russia, with combined total pulp and paper capacity of over 3. 6 million metric tons. In joint ventures, such as the Ilim joint venture, we share ownership and management of a company with one or more parties who may or may not have the same goals, strategies, priorities or resources as we do. Ilim, and its directors and employees are not specially designated nationals or blocked persons or otherwise specifically identified in sanctions or export control measures issued by the U. S. or other countries. The military conflict between Russia and Ukraine, including ongoing sanctions, actions by the Russian government, and associated domestic and global economic and geopolitical conditions, has adversely affected and may continue to adversely affect our Ilim joint venture and our businesses, financial condition, results of operations and cash flows. In January 2023, we announced our entry into a definitive agreement to sell our equity interest in Ilim; however, we cannot be certain if or when the completion of this sale may occur. Our ability to complete this sale is subject to various risks, including (i) purchasers' inability to obtain necessary regulatory approvals or to finance the purchase pursuant to the terms of the agreement, (ii) adverse actions by the Russian government, and (iii) new or expanded sanctions imposed by the U. S., the United Kingdom, or the European Union or its member countries. We are unable to predict the full impact that Russia' s ongoing invasion of Ukraine, current or potential future sanctions or export control measures, ongoing or potential disruptions resulting from the conflict, the changing regulatory environment in Russia, negative macroeconomic conditions arising from such conflict, supply chain disruptions, and / or geopolitical instability and shifts, may have on us or our ability to complete the sale of our interest in the Ilim joint venture. In addition, any escalation of the current conflict, including as a result of the use of tactical nuclear weapons by Russia or the expansion of the conflict to neighboring countries, could result in additional economic disruptions, capital market volatility, and significant geopolitical instability. In addition, developments with respect to the Russia- Ukraine conflict could heighten many of our known risks described elsewhere in this Part I, Item 1A " Risk Factors " in our Annual Report. Such risks include, but are not limited to, adverse effects on global business and economic conditions, including volatility and increases in the price and demand of oil, natural gas and other energy products and inflation, demand for our products, increased cybersecurity risks, adverse changes in trade policies, taxes, government regulations, or our ability to implement and execute our business strategy including with respect to joint ventures, divestitures, spin- offs, capital investments and other corporate transactions that we have pursued or may pursue, disruptions in global supply chains, risks related to employees and contracts in the affected regions, our exposure to foreign currency fluctuations and potential nationalizations and asset seizures in Russia, constraints, volatility, or disruption in the capital markets and our sources of liquidity, and our potential inability to service our remaining performance obligations and potential contractual breaches and litigations. Additionally, fluctuations in the value of the Russian ruble versus the U. S. dollar impacts our investment carrying value as well as financial results based on translation of ruble- denominated results into U. S. dollars and the re- measurement impact associated with non- functional currency financial assets and liabilities. In particular, our investments in Ilim involve certain legal, geopolitical, investment, repatriation, and transparency risks as a result of the conflict between Russia and Ukraine including: (i) the legal framework of Russia continues to evolve and it is not possible to accurately predict the content or implications of changes in their statutes or regulations; and there has been a number of legislative proposals that, if adopted, could result in nationalization, expropriation, onerous or disadvantageous exit terms or other unfavorable regulations and could be introduced or enacted at any time without prior warning or consultation; (ii) current and future statutes and regulations may be unfairly or unevenly enforced, the courts may decline to enforce legal protections covering our investments altogether and / or the cost and difficulties of litigation in Russia may make enforcement of our rights impractical or impossible; (iii) the risk we may inadvertently violate sanctions or export control measures that may be imposed by the U. S. or foreign governments, including Russia, given the complexity and fluidity of the situation; (iv) financial and economic sanctions and export control measures imposed on certain industry sectors and parties in Russia as well as counter- sanctions measures implemented by Russia could lead to further disruptions in supply chains and adversely affect operations in Russia; (v) increased risks of economic, political, or social instability, escalating military conflicts with Ukraine or new conflicts with any other countries, war, or terrorism, which could adversely affect the economy of Russia or lead to a material adverse change in the value of our investments in Russia; and (vi) disclosure, accounting, and financial standards and requirements in Russia may evolve and it is not possible to accurately predict the content or implications of changes in their disclosure requirements.~~ WE MAY NOT ACHIEVE THE EXPECTED BENEFITS FROM STRATEGIC ACQUISITIONS, JOINT VENTURES, DIVESTITURES, SPIN- OFFS, CAPITAL INVESTMENTS **, CAPITAL PROJECTS** AND OTHER CORPORATE TRANSACTIONS THAT WE HAVE PURSUED OR MAY PURSUE. Our strategy for long- term growth, productivity and profitability depends, in part, on our ability to accomplish prudent acquisitions, joint ventures, divestitures, spin- offs, capital investments **, capital projects,** and other corporate transactions that we may pursue and to realize the benefits we expect from such transactions **. Our expenditures for capital projects could be higher than we anticipate, we may experience unanticipated disruptions or delays in completing the projects and we may not achieve the desired benefits from those projects, including as a result of a deterioration in macroeconomic conditions in our business, unavailability of capital equipment or related materials, delays in obtaining permits or other requisite approvals or changes in laws and regulations** . We are subject to the risk that we may not achieve the expected benefits from such transactions. This failure could require us to record an impairment charge for goodwill or other intangible assets, which could lead to decreased assets and reduced net earnings. Among the benefits we expect from potential as well as completed acquisitions and joint ventures are synergies, cost savings, growth opportunities and access to new markets (or a combination thereof), and in the case of divestitures, the realization of proceeds from the sale of businesses and assets to purchasers who place **a** higher strategic value on such businesses and assets than we do. Corporate transactions of this nature that we may pursue involve a number of special risks, including with respect to our inability to realize our business goals with ~~to~~ such transactions as noted above, the focus of our management' s attention on these transactions and the assimilation of acquired businesses into our operations, the demands on our financial, operational and information technology systems resulting from acquired businesses, and the possibility that we may become responsible for substantial contingent or unanticipated legal liabilities as the result of acquisitions or other corporate transactions. **Any** ~~We believe that the spin- off~~ - **of** ~~of Sylvamo Corporation allows us and Sylvamo Corporation to pursue distinct strategies appropriate to our respective markets. However, there~~ **these circumstances** ~~can be no assurance that we will realize any or all of the expected strategic, financial, operational or other benefits of the spin- off. A failure to realize expected benefits of the spin- off~~ could ~~result in a material adverse~~ **adversely** ~~effect~~ **affect** ~~on~~ our ~~business,~~ results of operations **, cash flows** and financial condition ~~. We cannot guarantee that Sylvamo Corporation will be successful as a standalone entity. In the event that Sylvamo Corporation is not successful~~ , **and** ~~it is possible that plaintiffs could assert a variety of claims against us. Depending on their~~ - **the trading price of** ~~nature and number, such claims could have a material adverse effect on our business, financial condition or~~ **our common stock** ~~results of operations~~ . WE COULD BE EXPOSED TO ~~CLAIMS FROM SYLVAMO CORPORATION~~ **LIABILITY FOR BRAZILIAN TAXES** UNDER OUR AGREEMENTS WITH SYLVAMO CORPORATION ~~OR OTHERWISE~~ . ~~We~~ **In connection with the spin- off of Sylvamo Corporation (" Sylvamo"), we** previously entered into agreements with Sylvamo ~~Corporation~~ and its subsidiaries, including among others a ~~separation and distribution agreement, registration rights agreement, transition services agreement,~~ tax matters agreement ~~, supply and offtake agreements, intellectual property agreements and other commercial arrangements in connection with the spin- off~~ . ~~Our agreements with Sylvamo Corporation or its subsidiaries may not reflect terms that would have resulted from negotiations between unaffiliated parties and, in certain instances, may relate to the continuation of certain business arrangements among us and Sylvamo Corporation in existence prior to the spin- off. Such agreements include, among other things, the parties' respective indemnification rights and obligations with respect to certain losses relating to specified liabilities as well as certain losses relating to specified information included in certain securities filings, the allocations of assets and liabilities, payment obligations and other obligations between us and Sylvamo Corporation. There can be no assurance that any remedies available under~~ **Under** ~~these arrangements will be sufficient to compensate us in the event of a dispute or non- performance. In addition, there can be no assurance that the attention we must pay, and resources we must devote, to our obligations under one or more of these agreements, or the results of any failure to perform those obligations, or successful claim by Sylvamo Corporation that we have failed to perform those obligations or have an indemnification obligation under these agreements, will not have a material impact on our own business performance, results of operations or financial condition. We will rely on Sylvamo Corporation to satisfy its performance and payment obligations under these agreements entered into in connection with the spin- off. If Sylvamo Corporation fails to satisfy such obligations, it could have a material adverse effect on our financial condition and results of operations. In addition, under~~ the tax matters agreement, we could have significant payment obligations in connection with certain Brazilian tax matters. Under this agreement, we have agreed to pay 60 % of the first $ 300 million of any liability resulting from the resolution of these Brazilian tax matters (with Sylvamo paying the remaining 40 % of **the first $ 300 million of** any such liability) and 100 % of any liability resulting from the Brazilian tax matters over $ 300 million. The assessments for the tax years 2007- 2015 **total approximately $ 119 million (adjusted for variation in currency exchange rates) in tax, plus interest, penalties, and fees. The interest, penalties, and fees** currently total approximately $ ~~111~~ **274** million ~~in tax and $ 361 million in interest, penalties and fees as of December 31, 2022~~ (adjusted for variation in currency exchange rates) **, which reflects a recent law change pursuant to which the Brazil tax authority on January 16, 2024 agreed to cancel a portion of the interest, penalties, and fees. Accordingly, the assessments currently total approximately $ 393 million (adjusted for variation in currency exchange rates)** . See Note 14 Commitments and Contingent Liabilities on pages ~~71~~ **74** through ~~75~~ **78** of Item 8. Financial Statements and Supplementary Data for further information. WE OPERATE IN A CHALLENGING MARKET FOR TALENT AND MAY FAIL TO ATTRACT AND RETAIN QUALIFIED PERSONNEL, INCLUDING KEY MANAGEMENT PERSONNEL. Our ability to operate and grow our business depends on our ability to attract and retain employees with the skills necessary to operate and maintain our facilities, produce our products and serve our customers. The market for both hourly workers and salaried workers **continues to be** ~~has been, and remains, very~~ competitive, particularly for employees with specialized technical and trade experience. ~~For example, due to labor market constraints, we have recently had to increase overtime while we try to hire additional regular employees.~~ This, along with the current competitive labor market and ongoing inflationary conditions, has led to higher labor costs, particularly at our converting facilities. **Although** ~~Moreover, despite~~ our focused efforts to attract and retain employees, including by offering higher levels of compensation in certain instances, ~~we experienced~~ **resulted in a decreased attrition rate in 2023 compared to the prior two years' historically high** attrition rates ~~within our workforce~~ **, recruiting and retaining talent** (particularly those early in their ~~career~~ **careers**) **continues** ~~in the past two~~ - **to be a challenge** ~~years that exceeded historical levels~~ . In addition, we rely on key executive and management personnel to manage our business efficiently and effectively. The loss of key executive and management employees, particularly in a challenging market for attracting and retaining employees, could adversely affect our business. Moreover, changing demographics and labor work force trends, including remote work and **changing** work- life balance expectations ~~for many individuals arising from the COVID- 19 pandemic~~ , may make it difficult for us to replace retiring or departing employees. If we fail to attract and retain qualified personnel, or if we continue to experience excessive turnover, we may continue to experience higher labor costs and labor shortages, and our business may be adversely impacted. In addition, a significant number of our employees are represented by unions. We may not be able to successfully negotiate new union contracts once our current contracts with unions expire without work stoppages or labor difficulties, or we may be unable to renegotiate such contracts on favorable terms. Negotiations between the company and USW regarding the mill master collective bargaining agreement (which ~~expires~~ **expired** August 2023) and related mill joint pension ~~counsel~~ **council** master agreement (which **expired September 2023) resulted in new agreements which will expire August 2027 and September 2027, respectively. Negotiations between the Company and USW regarding the converting master collective bargaining agreement (which expires April 2024) and related converting joint pension council master (which** expires September ~~2023~~ **2024**) are scheduled to begin on February 19, ~~2023~~ **2024** . USW represents approximately ~~6~~ **10** , ~~000~~ **600** employees ~~at the mills~~ **in our converting facilities** . We have also experienced work stoppages in the past and may experience them in the future. Moreover, labor organizations may attempt to organize groups of additional employees from time to time, **recent** and potential changes in labor laws could make it easier for them to do so. If we experience any extended interruption of operations at any of our facilities as a result of strikes or other work stoppages or if unions are able to organize additional groups of our employees, our operating costs increase and our operational flexibility could be reduced. WE ARE SUBJECT TO CYBERSECURITY AND INFORMATION TECHNOLOGY RISKS RELATED TO BREACHES OF SECURITY PERTAINING TO SENSITIVE COMPANY, CUSTOMER, EMPLOYEE AND VENDOR INFORMATION AS WELL AS BREACHES IN THE TECHNOLOGY USED TO MANAGE OPERATIONS AND OTHER BUSINESS PROCESSES. Our business operations rely upon securely managed information technology systems, some of which are provided or managed by third parties, for data capture, processing, storage and reporting. We have invested in information technology security initiatives and ~~information technology~~ risk management, as well as incident response, business continuity and disaster recovery plans but we cannot eliminate all systematic **or external** risk. The development and maintenance of these measures is costly and requires ongoing monitoring, testing and updating as technologies and processes change, and efforts to overcome security measures become increasingly sophisticated. Additionally, the regulatory environment surrounding information security data privacy and data protection is becoming increasingly restrictive and is evolving frequently. The current cyber threat environment presents increased risk for all companies, including those in our industry. Like other global companies, our systems are subject to recurring attempts by third parties to access information, manipulate data or disrupt our operations **. In this regard** , ~~and~~ we have experienced cyber threats and incidents, although none have ~~been material~~ **materially affected us, including** ~~or~~ **our results of operations** ~~had a material adverse effect on our~~ - **or** ~~business~~ **financial condition** . **Given the current cyber threat environment, we expect the volume and intensity of cybersecurity attacks and attempted intrusions to increase in the future. In addition,** ~~Despite~~ **despite** careful security and controls design, implementation, updating **, monitoring** and independent third **-** party verification, our information technology systems, and those of our third- party providers or joint venture partners, could ~~become subject~~ **be compromised or disrupted due** to employee error or malfeasance, cyber- attacks, **including ransomware, malware, phishing attacks, or data or security breaches by malicious actors** such as ~~ransomware and data theft, by~~ common hackers, criminal groups or nation- state organizations or social activist (" hacktivist") organizations, **disruptions resulting from** geopolitical events, natural disasters, failures or impairments of telecommunications networks or other catastrophic events **. Such attacks are increasing in complexity, and the rapid evolution and increased adoption of artificial intelligence technologies may intensify our cybersecurity risks by making cyberattacks more difficult to detect, contain, and mitigate. Furthermore, the significant increase in remote working and personal device use increases the risks of cyber incidents and the improper dissemination of personal or confidential information** . Moreover, hardware, software or applications we use may have inherent vulnerabilities or defects of design, manufacture or operations or could be inadvertently or intentionally implemented or used in a manner that could compromise information security. In addition, the cybersecurity- related threats that we face may remain undetected for an extended period of time. ~~Network,~~ **In the event that our information** ~~system~~ **systems are disrupted or compromised** , ~~application and~~ **or the information systems of any businesses with which we interact, are disrupted or compromised, in a manner which impacts us or our information systems, as a result of any cybersecurity attack,** data **or security** ~~breaches~~ -- **breach** , ~~and~~ **or** other ~~cybersecurity~~ ----- **security** ~~incidents~~ - **incident** , **any such developments** could result in **lost sales, business delays, negative publicity or reputational impact, and a loss of customer confidence, and have a material adverse effect on our business or financial results. Any such incident or breach could also result in** operational **or supply chain** disruptions, data loss **, corruption** or manipulation, or information misappropriation including, but not limited to, interruption to systems availability, denial of access to and misuse of applications required by our customers to conduct business with us ~~.~~ **, the acquisition, use or disclosure of data or inability to** ~~Access~~ **access data, the release of confidential Information about our operations, and subject us to litigation and government enforcement actions. Further, in such event, access** to applications required to plan our operations, source materials, manufacture and ship finished goods and account for orders could be denied or misused. Theft of intellectual property or trade secrets, and loss or inappropriate disclosure of confidential company, employee, customer or vendor information, could **also** stem from such incidents. ~~While we have~~ **Moreover, any** significant **cybersecurity event could require us to devote significant management time and resources in response to such event, interfere with the pursuit of other important business strategies and initiatives, and cause us to incur additional expenditures, which could be material, including to investigate and remediate such event, recover lost data, prevent future compromises and adapt systems and practices in response to such events. There is no assurance that any remedial actions will meaningfully limit the success of future**

attempts to breach our information systems, particularly because malicious actors are increasingly sophisticated and utilize tools and techniques specifically designed to circumvent security **measures** ~~processes and initiatives in place~~ , **avoid detection and obfuscate forensic evidence, which means** we may be unable to ~~detect~~ **identify, investigate** or ~~prevent~~ **remediate effectively or in** a **timely manner** ~~breach or disruption. Any significant cybersecurity incident or operational disruptions and / or misappropriation of information could result in lost sales, business delays, negative publicity, cause us to incur legal liability and increased costs to address such events and related security concerns which may include costs to recover data and institute additional controls to prevent future similar incidents and have a material effect on our business~~ . Additionally, while we have insurance coverage designed to address certain aspects of cyber risks in place, such insurance coverage may be insufficient to cover all losses or all types of claims that may arise in connection with such incidents **. WE MAY BE UNABLE TO REALIZE THE EXPECTED BENEFITS AND COSTS SAVINGS ASSOCIATED WITH RESTRUCTURING INITIATIVES, INCLUDING OUR STRATEGIC ACTIONS ANNOUNCED IN OCTOBER 2023. We have restructured portions of our operations from time to time, have current restructuring initiatives taking place, and it is likely that we will engage in restructuring activities in the future. In particular, as previously disclosed in October 2023, the Company committed to certain strategic actions impacting its Containerboard and Global Cellulose Fibers businesses as further described below. Consistent with this initiative, in December 2023, the Company permanently closed its containerboard mill in Orange, Texas and permanently ceased production on two of its pulp machines at its Riegelwood, North Carolina and Pensacola, Florida mills. The Company recorded charges associated with these actions during the three months ended December 31, 2023. See Note 6- Restructuring and Other Charges, Net in Item 8. Financial Statements and Supplementary Data for additional information. We may be unable to realize the expected benefits from the strategic actions described above and other restructuring initiatives which we may take. In particular, restructuring activities may divert the attention of management, disrupt our operations and fail to achieve the intended cost and operational benefits. In addition, because we are not able to predict or control market conditions, including changes in the supply and demand for our products, the prices for our products or our manufacturing costs, we may not be able to predict the appropriate time to undertake restructurings. Further, we may incur cash and non- cash charges in connection with restructuring activities, which may be material. Moreover, judgment is required to estimate restructuring charges, and these estimates, and the assumptions underlying them, may change as additional information becomes available or facts or circumstances related to restructuring initiatives change** . RISKS RELATING TO LEGAL PROCEEDINGS AND COMPLIANCE COSTSWE ARE SUBJECT TO A WIDE VARIETY OF LAWS, REGULATIONS AND OTHER GOVERNMENT REQUIREMENTS THAT MAY CHANGE IN SIGNIFICANT WAYS, AND THE COST OF COMPLIANCE WITH SUCH REQUIREMENTS **, OR THE FAILURE TO COMPLY WITH SUCH REQUIREMENTS,** COULD IMPACT OUR BUSINESS AND RESULTS OF OPERATIONS. Our operations are subject to regulation under a wide variety of U. S. federal and state and non- U. S. laws, regulations and other government requirements- ~~–~~including, among others, those relating to the environment, health and safety, labor and employment, data privacy, tax, trade and health care. There can be no assurance that laws, regulations and government requirements will not be changed, applied or interpreted in ways that will require us to modify our operations and objectives or affect our returns on investments by restricting existing activities and products, or subjecting us to increased costs. **In addition, any failure or alleged failure to comply with applicable laws, regulations or other government requirements could adversely affect our reputation, and financial results or result in, among other things, litigation, revocation of required licenses, internal investigations, governmental investigations or proceedings, administrative enforcement actions, fines and civil and criminal liability.** For example, as part of our business, we are subject to increasingly stringent federal, state, local and international laws governing the protection of the environment. We have incurred **, and expect to continue to incur,** significant capital, operating and other expenditures complying with applicable **and forthcoming** environmental laws and regulations **, including with respect to GHG emissions and other climate- related matters** . **Additionally** ~~In addition~~ , new environmental laws, regulations or other requirements ~~, including with respect~~ to **address** GHG emissions or climate change ~~,~~ may cause us to incur **additional** ~~increased and unexpected~~ compliance costs **, including costs that we are unable to predict at the current time** . Moreover, there has historically been, and may continue to be, a lack of consistency between jurisdictions regarding legal requirements with respect to climate and GHG emission matters, which has created and may continue to create economic and regulatory uncertainty. Our environmental expenditures include, among other areas, those related to air and water quality, waste disposal and the cleanup of ~~contaminated~~ soil and groundwater, including situations where we have been identified as a potentially responsible party. Moreover, we may be directly impacted by, and are working to manage, the risks and costs to us, our customers and our vendors of the effects of climate change, GHGs, and the availability of energy and water resources. These risks include the potentially adverse impact on forestlands, which are a key resource in the production of our products, increased product costs and ~~a change~~ **changes** in the types of products that customers purchase. There can be no assurance that future remediation requirements and compliance with existing and new laws and requirements will not require significant expenditures, or that existing reserves for specific matters will be adequate to cover future costs. We could also incur substantial fines or sanctions, enforcement actions (including orders limiting our operations or requiring corrective measures), natural resource damages claims, cleanup and closure costs, third- party claims for property damage and personal injury and reputational harm as a result of violations of, or liabilities under, environmental laws, regulations, codes and common law. The amount and timing of environmental expenditures is difficult to predict, and, in some cases, liability may be imposed without regard to contribution or to whether we knew of, or caused, the release of hazardous substances. Our global operations subject us to complex and evolving U. S and international data privacy laws and regulations, such as European' s Union General Data Protection Regulation ~~(" GDPR ")~~ , ~~the California Consumer Privacy Act of 2018 (" CCPA ") as amended, and~~ China' s Personal Information Protection Law **and comprehensive privacy laws in many states** ~~(" PIPL ") which came into effect as of November 1~~ , ~~2021~~ **including California,**

Connecticut, Colorado, Utah, and Virginia . These laws **impose** ~~require the Company to comply with~~ a range of compliance obligations regarding the handling of personal data. There are significant penalties for non- compliance including monetary fines, disruption of operations and reputational harm. Moreover, other states and governmental authorities around the world have introduced or passed, or are considering, similar legislation which may impose varying standards and requirements on our data collection, use and processing activities. This increasingly restrictive and evolving regulatory environment at the international, federal and state level related to data privacy and data protection may continue to require changes to our business practices and give rise to significantly expanded compliance burdens, costs and enforcement risks. Moreover, many of these laws and regulations are subject to uncertain application, interpretation or enforcement standards that could result in claims, changes to our business practices, data processing and security systems, penalties, increased operating costs or other impacts on our businesses. **Additionally, regulatory bodies and others tasked with enforcing privacy and data protection laws have been actively engaging in enforcement investigations and actions.** These laws often provide for civil penalties for violations, as well as private rights of action for data breaches that may increase data breach litigation. We proactively use internal and external resources to monitor compliance with relevant legislation and continually ~~evaluates~~ - **evaluate** and, where necessary, ~~modifies its~~ **modify our** data processing practices and policies ~~in order~~ to comply with evolving privacy laws. Nevertheless, relevant regulatory authorities could determine that our data handling practices fail to address all the requirements of certain new laws, which could subject us to penalties and / or litigation. In addition, there is no assurance that our security controls over personal data, the training of employees and vendors on data privacy and data security, and the policies, procedures and practices we implemented or may implement in the future will prevent the improper handling of, disclosure of or access to personal data. Improper handling and disclosure of or access to personal data in violation ~~of the GDPR, PIPL, the CCPA and / or~~ of other data privacy and protection laws could harm our reputation, cause loss of consumer confidence, subject us to government enforcement actions (including fines), or result in private litigation against us, which could result in loss of revenue, increased costs, liability for monetary damages, fines and / or criminal prosecution, all of which could negatively affect our business and operating results. We are subject to taxes in the U. S. and various foreign jurisdictions, and changes in laws, regulation or interpretation of existing laws and regulations in the U. S. and other jurisdictions where we are subject to taxation, could increase our taxes and have an adverse effect on our financial results. **For example, the Organization for Economic Cooperation and Development (" OECD") has proposed a 15 % global minimum tax applied on a country- by- country basis (the" Pillar Two rule"), and many countries (including countries in which we operate) have enacted or begun the process of enacting laws adopting the Pillar Two rule. The first component of the Pillar Two rule is expected to begin applying in 2024, with the second component expected to go into effect in 2025. While we do not currently expect the Pillar Two rule to have a material impact on our effective tax rate, our analysis is ongoing as the OECD continues to release guidance and as countries begin implementing legislation. Future developments could change our current assessment, and it is possible that the Pillar Two rule could adversely impact our effective tax rate in future periods.** In addition, the application of tax law is subject to interpretation and ~~is subject~~ to audit by taxing authorities. Additionally, administrative guidance can be incomplete or vary from legislative intent, and therefore the application of the tax law is uncertain. While we believe the positions reported by the Company comply with relevant tax laws and regulations, taxing authorities could interpret our application of certain laws and regulations differently. We are currently subject to tax audits in the U. S. and other taxing jurisdictions around the world. In some cases, we have appealed **,** and may continue to appeal, assessments by taxing authorities in the court system. As such, tax controversy matters may result in previously unrecorded tax expenses, accelerated cash tax payments, higher future tax expenses, or the assessment of interest and penalties. **As** ~~RESULTS OF LEGAL PROCEEDINGS COULD HAVE A MATERIAL EFFECT ON OUR CONSOLIDATED FINANCIAL RESULTS. We are a party to various legal, regulatory and governmental proceedings and other related matters, including~~ with ~~respect to environmental matters. In addition, we are and may~~ **many technological innovations** ~~become subject to other loss contingencies~~ , **artificial intelligence** ~~both known and unknown, which may relate to past, present and future facts, events, circumstances and occurrences. Should an unfavorable outcome occur in connection with our legal, regulatory or governmental proceedings or other loss contingencies, or if we become subject to any such loss contingencies in the future, there could be a material adverse impact on our financial results. See Note 14 Commitments and Contingent Liabilities on pages 71 through 75 of Item 8. Financial Statements and Supplementary Data for further information. IF THE SPIN- OFF OF SYLVAMO CORPORATION WERE TO FAIL TO QUALIFY FOR NON- RECOGNITION TREATMENT FOR U. S. FEDERAL INCOME TAX PURPOSES, THEN INTERNATIONAL PAPER AND OUR SHAREHOLDERS MAY BE SUBJECT TO SIGNIFICANT U. S. FEDERAL INCOME TAXES. The Company received an opinion of tax counsel and a private letter ruling from the U. S. Internal Revenue Service~~ (~~the~~ " ~~IRS~~ **AI** ") **presents risks** ~~regarding the qualification of the spin- off of Sylvamo Corporation~~ and **challenges** ~~certain related transactions as a transaction~~ that **could affect** ~~is~~ **its adoption** ~~generally tax- free to Sylvamo Corporation~~ , ~~the Company~~ and **therefore our business. Uncertainty in** the ~~shareholders of the Company for~~ **legal regulatory regime relating to artificial intelligence may require significant resources to modify and maintain business practices to comply with** U. S. ~~federal income tax purposes. A tax opinion is not binding on the IRS or the courts,~~ and ~~there can be no assurance that the IRS or a court will not take a contrary position. In addition, the Company' s tax counsel and the IRS relied on certain representations and covenants delivered by the Company and Sylvamo Corporation in rendering such opinion and private letter ruling. If any of the representations or covenants relied upon for the tax opinion or private letter ruling become inaccurate, incomplete or not complied with by the Company, Sylvamo Corporation or any of their respective subsidiaries, the tax opinion may be invalid and the conclusions reached therein could be jeopardized. If the IRS ultimately determines that the spin- off is taxable, then the spin- off could be treated as a taxable dividend or capital gain to the Company' s shareholders for U. S. federal income tax purposes, and the Company could incur significant U. S. federal income tax liabilities. These income tax liabilities may be indemnifiable by Sylvamo Corporation pursuant to a tax matters agreement~~

~~between the Company and Sylvamo. However, there can be no assurance that Sylvamo would have the resources or liquidity required to indemnify the Company for any such tax liability. Even if the spin- off otherwise qualifies for~~ non- **U. S. laws** ~~recognition of gain or loss under Section 355 of the Code~~ , the **nature** ~~spin- off~~ - **of which cannot be determined at this time. Several jurisdictions, including Europe, the U. S. federal government, and certain U. S. states, have already proposed or enacted laws, regulations, and other requirements governing AI. For example, on October 30, 2023, the Biden administration issued an Executive Order to, among other things, establish extensive new standards for AI safety and security. Other jurisdictions** may **decide** ~~be taxable~~ to **adopt similar** ~~the Company (but not the shareholders of the Company) pursuant to Section 355 (e) of the Code if there is a 50 %~~ or more **restrictive requirements** ~~(by vote or value) change in ownership of either the Company or Sylvamo Corporation, directly or indirectly, as part of a plan or series of related transactions~~ that ~~include the spin- off. For this purpose, any acquisitions of the Company' s or Sylvamo Corporation' s common stock within two years before or after the spin- off are presumed to be part of such a plan, although the Company or Sylvamo Corporation~~ may **render** ~~be able to rebut that presumption based on either applicable facts and circumstances or a " safe harbor " described in~~ the **use 21** ~~U. S. tax regulations.~~