

THE BULLETIN

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A Message from the Director

Your Board of Directors held the 2021 2nd Quarter Board Meeting by Webex/conference call on Thursday, June 17th. The key focus of the Q2 Board meeting involved a review of work underway to formalize and update the QCS strategic plan. Mike Gorski led the review of the SWOT analysis and the resulting strategic initiatives impacting the Society in general and Board specifically. The Board is now rating the strategic issues based on impact and ability to execute. The objective is to have the plan completed for review at the 4Q Board meeting. Excellent work by Mike and team.

A long standing initiative of the Society has been to expand the Chapter network. Chapters represent the key touchpoint for identifying QCS members in financial need. The typical basis for identifying facility based chapter membership has been to evaluate members living within a fifty-mile radius of an IP facility. A recent analysis of members has shown that 53% of QCS members do not live within a 50-mile radius of a facility. Adding new Chapters with a focus limited to IP facilities would only add an additional 15% to Chapter membership. In recent years the concept of a Chapter has been expanded from a facility-based organization to state and regional concepts in an effort to reach more members. Strategic planning work will focus on additional initiatives to expand member outreach.

The Social Media Task Team consisting of Jeanie Dowdle, Christa Allen and Fred Ellrich provided an update on Facebook ("FB") launch activity and results to date. The goals of this project include increasing the visibility of the Society, improving communication to members and reaching members not affiliated with Chapters. So far, five thousand emails have been sent to members for whom we have email addresses, with more to go; many have been returned because the address is no longer current. So far, the effort has resulted in 592 members joining the FB group and the team anticipates that the FB group membership will reach 2,000. Some of these additions to the group have come from members who were contacted by recipients of the emails who reached out to their IP friends. If you are a member of the FB group and wish to reach out to someone, please do so but be aware that they will have to respond to the qualifying question of whether they were employed by IP for 25 years or more. Our thanks to the Team for their hard work.

Doug Camp and Joyce Margulies provided an update on work underway to better understand diversity demographics of QCS membership in general and Chapter membership specifically.

OUR MISSION STATEMENT

The Society's purpose is to provide financial aid quickly and confidentially to and for the benefit of a member or a deceased member's surviving eligible dependent who is in need of financial assistance in the face of misfortune or emergency.

A Message from the Director (Continued)

Recent work by the team has focused on gaining a better understanding of the process of organizing a new Chapter, selecting leaders and identifying members in need. The team is working to ensure QCS members in need are aware of benefits available and opportunities to improve outreach are identified and enabled.

Key document management and website upgrade work is nearing completion. Website upgrades are in the final stages and will provide Chapters and QCS members with improved access to QCS information including the Quarterly Bulletin. This effort is led by Joyce Margulies, Brian Issing and Mike Gorski.

The Board was advised that three Board member openings will need to be filled by year end; Joyce Margulies, Fred Ellrich and Brian Issing. All three members also occupy officer positions. The Board has historically tried to maintain a balance of active and retired members. In addition we have worked to ensure key functional skills are retained on the Board. The three openings will result in the Board consisting of five active and four retired members. Functional skill priorities for replacement candidates include legal, marketing, IT/SharePoint and finance. The Board has been asked to provide nominees based on the criteria outlined. QCS members interested in being considered for a Board seat are asked to contact Bill Wilson at email address ipqcs1923@gmail.com.

The Board initiated the Executive Director/Treasurer search process during the March meeting. Bill Wilson will end his term at year end. The June meeting moved the process forward with a review of nominees for the position. The target date to have the position filled is October.

The Board extends appreciation to all Chapter leadership teams for their continued commitment to the QCS Mission.

Bill Wilson
Executive Director

IP Announces Q1 2021 Earnings

First quarter net earnings were \$349 million compared with \$153 million in the fourth quarter of 2020 and \$(141) million in the first quarter of 2020.

"International Paper delivered solid earnings and strong cash generation in the first quarter," said Mark Sutton, Chairman and Chief Executive Officer. "Operationally, we performed well to mitigate the significant impact of the winter storm and support strong customer demand in our packaging business. Looking ahead, we see momentum continuing to build in our three businesses. We expect continued strong demand for corrugated packaging and absorbent pulp, and we're seeing a much better supply/demand backdrop for printing papers."

Industrial Packaging operating profits (losses) in the first quarter of 2021 were \$447 million compared with \$431 million in the fourth quarter of 2020. In North America, earnings were solid as higher sales prices for boxes and export containerboard were offset by a \$(75) million impact from the winter storm. Planned maintenance outage expenses were also higher. In Europe, earnings improved reflecting seasonally higher volumes in Morocco and lower operating costs, partially offset by lower average sales margins driven by higher containerboard costs.

Global Cellulose Fibers operating profits (losses) in the first quarter of 2021 were \$(82) million compared with \$(114) million in the fourth quarter of 2020. Earnings improved reflecting higher average sales prices and lower operating costs partially offset by higher input costs for wood and energy.

Printing Papers operating profits (losses) were \$80 million in both the first quarter of 2021 and the fourth quarter of 2020. In North America, earnings were lower driven by higher input costs for wood and energy and higher planned maintenance outage expenses partially offset by lower economic downtime costs.

Q3 2021 Calendar

- Chapter 6 Month Activity Report July 31st
- Q3 Board Meeting Sept 16th

QCS Web Site & email

The Society QCS web site can be accessed at <http://www.ipqcs.com>. Bill Wilson can be reached at ipqcs1923@gmail.com

A Surge In Cardboard Demand Is Causing A Supply Squeeze For Box Makers

Partial Reprint from *Business Insider*

Annabelle Williams May 20, 2021

International Paper makes one in every three boxes in the US, and it, along with the rest of the industry, is dealing with supply squeezes amid larger concern that manufacturers could soon face a cardboard shortage.

Thomas Ryan, the director of corporate communications at International Paper, said that the reason was multifaceted. "As COVID restrictions began to loosen, the economy started to pick up steam," he told Insider. "Then, the winter storms hit, and inputs began to get tight – for us, fiber, recovered fiber, petroleum derivatives such as chemicals for adhesives. Then, add a tight labor market to the mix."

During an earnings call in April, the CEO of International Paper, Mark Sutton, responded to an analyst question about demand by saying that inventory of containerboard and corrugated cardboard is "lower than we'd like it to be." And in an interview with CNBC on May 6, Sutton said: "There [are] not cardboard shortages, but the supply chain is very stretched right now." The spike in e-commerce during the pandemic, when those Americans staying at home increasingly opted to shop online, resulted in unprecedented demand for corrugated cardboard.

At the end of March, The Wall Street Journal reported that the price of containerboard is rising and that suppliers have warned customers to expect the trend to continue. And a trade publication, Pulp Paper News, reported that in 2021, "global prices for pulp for three months of the current year increased by 30%."

In addition to the demand, the winter storms in the southern part of the US resulted in International Paper losing 145,000 tons of containerboard production. Sutton told analysts in the earnings call at the end of April that "operations and cost includes about \$55 million impact from the winter storm."

Terry Webber, executive director of packaging at the American Forest & Paper Association, said in a statement that "containerboard production in March increased 9% compared to March 2020," when the pandemic hit the US. The AF&PA also mentioned that boxes are the most recycled packaging in the US, which can help keep the supply chain sustainable for both retailers and customers.