2018 Sustainability and Social Responsibility Update
Dear Fellow Stakeholders,

In 2018, we issued Graphic Packaging’s first GRI-referenced Sustainability and Social Responsibility report. Since 2016 we have disclosed our Sustainability Vision 2025 goals on our website, and, previously, our phase 1 goals with a baseline year of 2008. With the publication of our first GRI-referenced report, we were able to present our goals in the greater context of our environmental and social impacts and in alignment with our long-term growth strategies. As indicated in our inaugural report, we plan to issue a full report biennially. Furthering our commitment to transparency, however, we are delivering this 2018 interim report to update key program metrics and to continue communicating our progress to our stakeholders.

2018 was a transitional year for Graphic Packaging as we completed the combination of two world-class packaging companies, Graphic Packaging International and the North America Consumer Packaging division of International Paper. That integration encompassed some changes to key leadership, manufacturing processes and our product profile. In addition, we later assessed our Sustainability 2025 Vision and determined that key changes were appropriate to stretch ourselves to deliver more. Our score card reflects these changes with increases to metrics that will further improve our environmental impact and clarity on our goals to lead on the recyclability of our packaging products. As we execute on our growth opportunities and prioritize operational excellence, we remain dedicated to making a difference for our communities, our stakeholders and our planet.

Our primary product is made from all or mostly renewable material: wood fiber. Virtually all our paperboard packaging and products are widely or regionally recycled. We continue to increase the recyclability of our products so that all will be accepted and made into new products. We also know that we are on a journey and we will encounter challenges and opportunities along the way. Future investments may lead to temporary setbacks in our progress. For example, as discussed further in this report, planned mill downtime for equipment and process upgrades resulted in an increase in our greenhouse gas emissions and non-renewable energy use in 2018. These upgrades were necessary to improve our reliability and productivity, which ultimately will help us to achieve our long-term plan and Sustainability Vision 2025 goals.
This update complements our financial reporting and addresses the sustainability topics identified by Graphic Packaging and our stakeholders as the most material to our company. Customers, investors, employees and suppliers are the primary audiences for our reporting. Unless otherwise stated, we are reporting sustainability metrics globally, covering facilities where Graphic Packaging has operational control. This includes owned and leased manufacturing facilities, major administrative offices, external warehouses and research and development facilities. Operations that are outside of these criteria, such as joint venture locations where Graphic Packaging does not have full authority to introduce and implement its operating policies, are not included in our reporting.

To provide greater perspective on our journey, this report includes interviews with several inspirational company leaders who share a passion for achieving our goals.

We know our success requires engagement at all levels of the organization, and we are fortunate that our Board of Directors and leadership team are highly engaged. We consider risks and opportunities related to our economic, social and environmental impacts on an ongoing basis as part of our strategic planning, risk management and governance discussions. Our Board recently amended its Nominating and Corporate Governance Committee’s charter to formally assign principal oversight of our sustainability policy and practices.

Graphic Packaging is proud of our program, progress and accomplishments. Two years into our Sustainability Vision 2025, we are inspired by the accomplishments we have made. We are executing our plan, and we are eager to continue to fulfill our aspirations of “Making a World of Difference.”

Michael P. Doss
President and
Chief Executive Officer

Andrew H. Johnson
Vice President,
Government Affairs & Sustainability

Any statements of the Company’s or management’s expectations, beliefs, goals and forecasts in this document, including but not limited to our ability to reach certain sustainability targets and goals, levels of production and efficiency, new product development and talent acquisition and performance targets, constitute “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Such statements are based on currently available information and are subject to various risks and uncertainties that could cause actual results to differ materially from the Company’s present expectations. These risks and uncertainties include, but are not limited to, inflation of and volatility in raw material and energy costs, cutbacks in consumer spending that reduce demand for the Company’s products, continuing pressure for lower cost and recyclable products, the Company’s ability to implement its business strategies, including productivity initiatives, cost reduction plans and integration activities. Undue reliance should not be placed on such forward-looking statements, as such statements speak only as of the date on which they are made, and the Company undertakes no obligation to update such statements except as required by law. Additional information regarding these and other risks is contained in the Company’s periodic filings with the Securities and Exchange Commission.
Sustainability Vision 2025 – Scorecard Progress

Featured Goals

**Greenhouse Gas Emissions**

**GOAL**
Reduce greenhouse gas emissions by 15%
(metric tonnes CO₂e/$1,000 sales)

**PROGRESS**
GHG emissions have increased by 3.3%

2018 GHG emissions increased, which was anticipated. We have invested capital that will support our GHG reduction goals in 2018 and 2019. The increase was primarily due to extended mill downtime at two of our newly acquired mills. During a mill outage, paperboard production is suspended and renewable fuel is not generated. GHG emissions increased because certain mill machinery and operations continue to operate even though no products for sale are produced.

**Non-renewable Energy**

**GOAL**
Reduce non-renewable energy use by 15%
(MMBTU/$1,000 sales)

**PROGRESS**
Non-renewable energy use has increased by 7.7%

2018 non-renewable energy use increased, which was anticipated. We have invested capital that will support our non-renewable energy reduction goals in 2018 and 2019. The increase was primarily due to extended mill downtime at two of our newly acquired mills. During a mill outage, paperboard production is suspended and renewable fuel is not generated. Non-renewable energy use increased because certain mill machinery and operations continue to operate even though no products for sale are produced.

**Water Conservation**

**GOAL**
Reduce mill water effluent by 15%
(1,000 gal/ saleable ton)

**PROGRESS**
Water effluent has decreased by 27.0%

Effluent reduced significantly and was impacted by the extended downtime that was experienced.

**Recyclability**

**GOAL**
100% of GPI Products Recyclable

In 2018 Graphic Packaging added more clarity to our packaging product recycling efforts with two stretch goals to ensure that our product portfolio has positive End-of-Life outcomes. Achieving our packaging product recyclability and reducing plastic will solidify Graphic Packaging’s position as a leader in manufacturing environmentally responsible packaging products. We will report our progress on these goals in 2019.

**Reducing Plastic**

**GOAL**
Reduce LDPE use by 40%

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## Goals Continued

### Safety

**Goal**
Continue progress toward aspirational target of zero incidents, ensuring that safety is a top priority.

**Progress**
Global incident rate reduced from 1.13 to 1.06 from 2017 to 2018. The Graphic Packaging Team continues to prioritize safety.

### Forest and Fiber Certification

**Goal**
All global Graphic Packaging facilities compliant with a certification standard

**Progress**
89% of facilities globally compliant with Forest / Fiber Certification.

### Social Responsibility

**Goal**
All global Graphic Packaging carton manufacturing facilities in compliance with Social Compliance Sedex Member Ethical Trade Audit (SMETA) by the end of 2018

**Progress**
91% of all global carton manufacturing facilities were audited or scheduled for a 2019 SMETA audit.

### Waste Diversion

**Goal**
Drive out waste in all our operations – 100% of facilities engaged in a waste diversion program

**Progress**
Waste characterization study completed key findings will be incorporated in work plan in 2020. All folding carton and cup plants globally collect the paperboard in our manufacturing waste for recycling.

### Recovery Rate

**Goal**
Industry paper and paperboard recovery rate of 70% by 2020

**Progress**
The recovery rate of paper and paperboard for the U.S. market increased to 68% and is nearing the industry goal of 70% by 2020.

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**Company goals from base year of 2016**

- Converting facilities under Graphic Packaging ownership for more than a year

**Data Sources:** Company records except recovery rate which was developed by the American Forest & Paper Association.
Operational Update

Number of Employees
18,000 employees worldwide

Total Number of Operations
80 facilities worldwide

Net Sales
$6,023.0 million

Total Assets
$7,059.2 million

July 31, 2019

Total Capitalization

<table>
<thead>
<tr>
<th>Form of Capital</th>
<th>$M</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Debt</td>
<td>2,957</td>
<td>42%</td>
</tr>
<tr>
<td>Market Equity</td>
<td>4,102</td>
<td>58%</td>
</tr>
<tr>
<td>Total Capital</td>
<td>7,059</td>
<td>100%</td>
</tr>
</tbody>
</table>

December 31, 2018

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>The Vanguard Group</td>
<td>27,764,279</td>
<td>9.4%</td>
</tr>
<tr>
<td>Boston Partners</td>
<td>26,739,242</td>
<td>9.0%</td>
</tr>
<tr>
<td>FMR LLC</td>
<td>22,209,385</td>
<td>7.5%</td>
</tr>
</tbody>
</table>

Reported in the 2019 Proxy Statement

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>2018 Net Tons Produced</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Monroe, LA</td>
<td>CUK</td>
<td>2</td>
<td>878,008</td>
</tr>
<tr>
<td>Macon, GA</td>
<td>CUK</td>
<td>2</td>
<td>686,694</td>
</tr>
<tr>
<td>Kalamazoo, MI</td>
<td>CRB</td>
<td>2</td>
<td>497,901</td>
</tr>
<tr>
<td>Battle Creek, MI</td>
<td>CRB</td>
<td>2</td>
<td>210,247</td>
</tr>
<tr>
<td>Middletown, OH</td>
<td>CRB</td>
<td>1</td>
<td>173,571</td>
</tr>
<tr>
<td>East Angus, Québec</td>
<td>CRB</td>
<td>1</td>
<td>93,849</td>
</tr>
<tr>
<td>Texarkana, TX</td>
<td>SBS</td>
<td>2</td>
<td>650,964</td>
</tr>
<tr>
<td>Augusta, GA</td>
<td>SBS</td>
<td>2</td>
<td>508,238</td>
</tr>
<tr>
<td>West Monroe, LA</td>
<td>Corrugated Medium</td>
<td>1</td>
<td>120,281</td>
</tr>
</tbody>
</table>

Reported in the 2019 Proxy Statement
reduce raw material consumption and address increased consumer demand for product with 100% recycled fiber, it will also deliver environmental benefits. The investment is capacity neutral and will replace production at our other facilities. We estimate that the new paperboard machine will allow us to reduce our greenhouse gases and purchased electricity by 4% annually. We also expect an approximately 1% reduction in water use. With respect specifically to our CRB paperboard mill manufacturing footprint, we anticipate that the addition of this recycled paperboard machine will decrease greenhouse gases by over 10% and water use by over 25%.

How do planned maintenance and improvement projects impact your Sustainability Vision 2025 progress?

Our strategic decisions are made with a long-term view, and in 2018 some operational actions had a short-term adverse impact on our environmental goals. That year we had an extended shutdown to upgrade the recovery boiler in our Augusta, Georgia mill. As with any outage, this shutdown increased our fossil fuel-based energy use by approximately 1%.

Tell us about your current mill portfolio and explain how recent acquisition and disposition activity aligns with your long-term mill strategy.

Graphic Packaging has nine world-class paperboard mills as of June 30, 2019. Over the years, we have fine-tuned our production processes, and our CRB (coated recycled board) and CNK (coated natural kraft) mills operate on a highly efficient, reliable platform. In 2018, we expanded our capabilities by adding two SBS (solid bleached sulfate) mills as a result of the Company’s combination with the North America Consumer Packaging division of International Paper. Our focus for 2018 and into 2019 is to transition these mills into our platform, which will add scale, optimize our mill system and enable the SBS mills to benefit from Graphic Packaging’s core competencies. We continually strive to improve our mills with a focus on overall efficiency. Simply stated, we look to increase productivity rates with more powerful assets while using less energy.

How does mill efficiency contribute to Graphic Packaging’s Sustainability Vision 2025 goals?

The Graphic Packaging mill system represents 96% of our greenhouse gas generation and over 80% of our water impact. Paperboard mills are energy-intensive, and we continually assess our mill footprint to test cost and environmental effects. Through this assessment process, we concluded that a rebalancing of our recycled paperboard mill manufacturing was appropriate. In September 2019, we announced our intent to invest $600 million into our integrated CRB platform with the purchase of a new recycled paperboard machine in Kalamazoo, Michigan. In addition to producing the highest quality CRB at an unmatched cost, this purchase is a strategic investment in sustainable packaging. Not only will the new machine
What does the business look like in 2025?

I envision that we will have an even more efficient mill system in 2025, producing SBS, CRB and CNK paperboard grades. Our entire mill system will operate at world-class levels for safety and productivity. We will be among the leaders in our industry offering high quality and low-cost paperboard solutions manufactured in a mill system that is sensitive to its environmental impact. We will be a model for efficient use of resources including water, energy and tree fiber and be known as advocates of responsible fiber management.

Improvements. We know that running the mills efficiently has a positive impact on our environmental profile. Our investments in productivity have reduced our absolute greenhouse gases and water impacts in addition to significantly reducing the impact per ton of material produced.

Our mill footprint has changed drastically since 2008 when we first established sustainability goals, and we were proud to achieve our Phase 1 reduction goals. Similarly, our Sustainability Vision 2025 goals were established in 2016 before the addition of our two new SBS mills. Our continued efforts to enhance the efficiency of our mill system have nearly offset the impact of those mills.

In addition to capital expenditures, we also continually evaluate our processes. In 2018, we established a Center for Excellence team, chartered to improve reliability. The team is focused on reliability-centered management and maintenance. Having a centrally-focused Center for Excellence team enables the mill division to address reliability opportunities quickly and efficiently and transfer best practices to all mills. This team of experts excels in rapidly adopting and deploying best-in-class processes. Being closely linked to Graphic Packaging’s sustainability team, it helps to facilitate our leading environmental position.

What is Graphic Packaging’s strategy for mill productivity and reliability?

Increasing mill productivity is a primary focus area at Graphic Packaging. Our capital expenditure strategy is centered around productivity, quality and environmental elements, and several programs also address reliability improvements. We know that running the mills efficiently has a positive impact on our environmental profile. Our investments in productivity have reduced our absolute greenhouse gases and water impacts in addition to significantly reducing the impact per ton of material produced.

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Consumption. We also encountered market-related down time and a higher use of wood chips in our Texarkana, Texas mill, both of which further increased the greenhouse gases generated at that mill. These environmental effects were anticipated, so we are not discouraged by the temporary impact in progress toward our goals. We fully expect our capital investments over the next few years will result in continual improvement, and we will achieve or exceed our Sustainability Vision 2025 goals.
Our Products and Innovation

Bill Sedlacek
VP, Innovation & New Business Development

How does Graphic Packaging’s vision: “Inspired Packaging. A World of Difference.” motivate you?

At Graphic Packaging, we are focused on solutions. We work directly with our customers to address their specific challenges and partner with them to improve the environmental profile and impact of their packaging, while meeting performance and cost expectations. The innovation team is energized when our customers engage with us to transform a current package to a more environmentally sound solution. We are continually innovating to provide solutions for broad-based market needs, utilizing our Design for Environment (DfE) philosophy. We are committed to making a difference for our customers and also to our planet.

What themes have emerged in recent years with respect to evolving customer and consumer needs?

Awareness of sustainability challenges and their environmental effects has been evolving in recent years and seems to have reached an inflection point over the past year. Where environmental responsibility previously may have been a consideration for our customers, it is now a requirement. Consumers are more often making conscious decisions to change their consumption patterns with increased focus on product and material choices. Demographic shifts, including the purchasing power and influence of millennials, are amplifying the message and expediting the demand. Front and center is the heightened urgency to eliminate plastic, including styrofoam, which further opens the door for paperboard alternatives.

How is Graphic Packaging responding to this heightened focus on more sustainable packaging?

Graphic Packaging is driving innovative paperboard solutions and practices. We are developing new products that incorporate the latest materials and processes to meet or exceed our customers’ performance criteria with the right economics. Increased investment in new paperboard solutions, through R&D and design, is resulting in increased adoption of new solutions replacing plastic materials.

It should be no surprise that our focus on innovating sustainable solutions is a critical component of our long-term strategic plan. Accordingly, we are able to leverage our worldwide operations, and we prioritize global collaboration over regional development. Our Board of Directors is engaged with our leadership team in our new product development initiatives and tracks our pipeline and acceptance rates on an ongoing basis.

Our Products and Innovation
Tell us about some new products and how they are responsive to market demand for more sustainable alternatives.

We have several products that have been recently introduced. I’ll highlight three of them.

1. **ecotainer™**: We are continuing to extend the offering of foodservice articles that have plant-based, compostable or easily recyclable barrier coatings which eliminate plastic film barrier linings. We consider our ecotainer™ line of products to be the next generation of hot and cold foodservice packaging.

2. **KeelClip™**: Our KeelClip is designed to be a replacement for the ubiquitous plastic rings and shrink wrap film used widely in beverage packaging. KeelClip is a proprietary paperboard solution that can replace both options with a superior sustainability profile. This solution provides excellent performance through the distribution channels and is recyclable.

3. **Paperboard trays**: We have developed a range of paperboard trays replacing plastic trays for frozen foods cooked in the microwave. These paperboard trays are generally recyclable and provide outstanding performance in the microwave providing a superior consumer experience for food cooking and convenience.

Tell us more about your Design for Environment philosophy.

We continue to seek “the ultimate package” – packaging made from renewable materials, with renewable energy, that is also recyclable or compostable. As we move toward that aspirational goal, we focus on a suitability continuum, where we strive for progress on this journey to develop the ultimate package. A cornerstone of our innovation is a DfE, philosophy and how we can improve the profile and efficiency of the product lifecycle.

We consider the circular economy concept, including our ability to accept and process recovered materials for use in our products and to manufacture recyclable products. As of today, virtually all our packaging solutions are widely or regionally recyclable. Although we are intensely focused on replacing plastic that is added to our packaging for functional purposes, the wood-fiber portion of the package can be recovered in a mill process. Thus, 95% of the package is recoverable, and recycling the package is encouraged. Further along the continuum, we are doing our part to support the American Forest and Paper Association (AF&PA) sponsored industry recovery goal of 70%. According to the AF&PA, the 2018 recovery rate was 68%.

What does the business look like in 2025?

I believe that Graphic Packaging will be the leader in sustainable paperboard-based solutions. We will be the “go to” partner developing new products, processes and solutions in the foodservice and folding carton industries, which improve the sustainability profile of packaged goods and foodservice items. We will continually innovate a broad range of products based on the advantages of paperboard. Our products will deliver outstanding value and performance through our channels to customers and consumers, and they will have positive end-of-life outcomes, ideally being 100% recyclable.
Our Workforce

Stacey Panayiotou
EVP, Human Resources

What has been your top priority since joining Graphic Packaging?

My early days at Graphic Packaging were dedicated primarily to what I call “my listening tour” and consisted of meetings with employees up, down, and across the organization. It’s clear to me that Graphic Packaging is in an exciting, transformative period where driving results is top of mind. There is consensus at all levels that we want to be an execution powerhouse with a growth mindset. Our talent and structure must be considered in the context of driving this organizational behavior.

How do you intend to prioritize and dedicate resources to drive a growth culture?

At this point, I am concentrating on scalable processes. I am not just referring to processes in the usual “HR policy and practices” sense. Rather, I am focused on establishing an environment and set of principles that drives high performance and is adaptable for relevance across all bands of our 18,000 employees. Let me explain in terms of our five strategic priorities.

First, we emphasize strength, quality and diversity of talent. Second, we drive high performance with positive leadership practices, such as coaching and real-time feedback. Third, we invest in sustainable development of
talent, with a focus on cultivating both role-specific and career-advancing skill capabilities that differentiate us from our competition. Fourth, we continue to streamline processes across segments and geographies to leverage our best practices throughout our global operations. And last, but certainly not least, we gain recognition as an employer of choice for top talent.

What does it mean to be an employer of choice?

Awareness that a workplace values time, rewards and work practices – essentially, employee sentiment that “Graphic Packaging is a place I want to work and build a career.” From an external perspective, status as an employer of choice is critical to how we market to the workforce and recruit the right talent. Internally, our perception as a select employer is determined by what we are asking of our employees and what we return in exchange. Compensation and advancement is a key piece of the analysis, of course. Corporate culture also plays a part, as does employee engagement. Employees want to feel as though their work matters and, perhaps more
at all levels understanding that the more diverse the workforce, the more positive the outcomes. We will forecast diversity as part of our succession planning and leadership development. We are just starting our benchmarking and expect to report our data in future reports.

What does the business look like in 2025?

We anticipate that Graphic Packaging will have top quartile results and be the industry benchmark for high performance. We will attract and retain the right talent with a diverse pipeline of future leaders. We will have a culture that values learning, with engaged talent seeking to develop new capabilities and expand their responsibilities. We will promote from within at optimal levels, while still maintaining a healthy stream of new external candidates to add fresh perspective. Our team will be conditioned to win and satisfied that compensation and other rewards reflect their many achievements.

Tell us about your diversity & inclusion vision.

For the most part, D&I boils down to the “D” - which is differences - and the “I” which is how a company values those differences. If we successfully implement processes that support our five strategic priorities, we prioritize quality of talent. Our talent pool should reflect the diversity of the communities in which we operate. As we emphasize performance management, we will assess representation importantly, to understand why it matters. This ties back to another of our strategic priorities. When we invest in people leadership as a capability, we develop managers who can provide context and explain purpose to their team, thus contributing to overall employee satisfaction.

Next year we plan to launch an enterprise-wide engagement survey. I am interested in understanding our employees’ perception of Graphic Packaging’s current strengths and weaknesses, but I am also eager to establish a baseline to measure our key engagement drivers moving forward.