

KAPSTONE PAPER AND PACKAGING CORPORATION

ANTI-BRIBERY POLICY

Policy:

It is the policy of KapStone Paper and Packaging Corporation to conduct operations and activities in complete compliance with all applicable laws and regulations that prohibit improper payments to obtain a business advantage, including the U.S. Foreign Corrupt Practices Act (FCPA). No KapStone employee or agent has authority to offer payments to induce an official to affect any government act or decision in a manner that will assist KapStone or any of its subsidiaries or divisions to obtain or retain business. More generally, KapStone strictly prohibits bribery or other improper payments in any of its business operations. This prohibition applies to all business activities, anywhere in the world, whether they involve government officials or are wholly commercial. A bribe or other improper payment to secure a business advantage is never acceptable and can expose individuals and KapStone to possible criminal prosecution, reputational harm or other serious consequences.

The consequences of failing to comply with this policy are potentially disastrous for KapStone and its employees. Violation of the FCPA by a company employee can result in millions of dollars in fines against KapStone and can subject that employee to prosecution, criminal fines, and imprisonment. In addition, KapStone will take all necessary disciplinary action—including dismissal—against employees violating these policies.

Scope:

The KapStone Anti-Bribery Policy applies to all, officers, employees, agents, or other intermediaries acting on KapStone's behalf.

FCPA has broad application to transactions between KapStone and foreign "officials" or representatives of governmental-type organizations. Officers of state owned and operated enterprises generally would be regarded as within the purview of the FCPA. The term foreign official also includes political party officials and candidates for political office. It is often difficult to determine whether a specific circumstance might represent a violation; therefore, it is imperative that all employees read and understand this policy, ask questions if any aspect of the policy is unclear, and that all KapStone sales agents operating outside the United States certify that they understand and agree with this policy in general and FCPA specifically. (See sample certification attached as Appendix A).

Prohibited Payments:

The FCPA generally prohibits payments to foreign officials that are corruptly made to induce a foreign official to use his or her influence to affect a governmental act or decision in a manner that will assist a company or any of its subsidiaries to obtain or retain business. Payments include, but

are not limited to, gifts of substantial value, lavish entertainment, cash, and loans. The prohibited payment could be made to obtain or retain business for KapStone and/or its subsidiaries. It could also be made to obtain legislation, regulations, or rulings to benefit KapStone's business.

Except as allowed by law, KapStone prohibits its employees and agents from making payments, regardless of amount, to any government employee, or gifts or services of substantial value or lavish entertainment, regardless of motive. Please speak with the General Counsel (at 847-239-8800) if you have any questions about whether a particular payment or gift is allowed by law.

The payments prohibited pursuant to the FCPA must not be made even if giving anything of value may be widely accepted or even appear necessary in a country in which KapStone, its subsidiaries and/or agents may be conducting business.

Payments to attorneys, consultants, advisors, suppliers, and customers of KapStone violate the FCPA if made while knowing that all or a portion of such payments will be offered, given, or promises to a foreign official for any of the prohibited purposes stated above.

Facilitating Payments for Routine Governmental Actions:

The FCPA has an exception to the anti-bribery prohibition for payments to expedite or facilitate performance of "routine governmental action." The FCPA lists the following examples of such facilitating payments: obtaining permits, licenses, or other official documents; processing governmental papers such as visas and work orders; providing police protection, mail pick-up and delivery; providing phone service, power and water supply; loading and unloading cargo; and scheduling inspections associated with contract performance or transit of goods across country. "Routine governmental actions" does *not* include any decision by a foreign official to award new business or to continue business with a particular party.

Also, while the FCPA has an exception for facilitation payments, such payments are prohibited under the U.K. Bribery Act and the laws of many other companies. If you have a question about whether a payment falls within the exception, or whether the payment is allowed by local law, you should contact KapStone's General Counsel.

Record Keeping/Accounting Requirements:

FCPA requires that KapStone maintain books and records that in reasonable detail accurately and fairly reflect all transactions. Accordingly, all transactions should:

- Be executed in accordance with management's authorization;
- Be recorded in a manner that permits the preparation of financial statements in accordance with applicable standards (notably Generally Accepted Accounting Principles);
- Maintain accountability of assets;
- Be recorded in accounts that are reconciled to underlying detail at reasonable intervals.

None of these statements is intended to supersede existing KapStone accounting policy.

Agents:

All third parties operating as sales agents for KapStone outside the United States must certify that they understand the FCPA and that they will adhere to FCPA and this policy. Each such agent should execute and deliver to KapStone a written certification at the time that the agent is engaged on behalf of KapStone. A copy of the certification is attached hereto as Appendix A.

Potential “Red Flags”:

Employees and representatives of KapStone are encouraged to be aware of “Red Flags” which might represent a questionable transaction. Such “Red Flags” might include:

- Unusual payments of financial arrangements, such as
 - Payments to a numbered bank account
 - Payments to accounts in countries other than where agent is located or business is to be performed
 - Cash payments;
- Unusually high commissions;
- History of corruption in a country;
- Reputation of agent or consultant;
- Refusal by KapStone's sales agent or representative to provide certification (see Appendix A) that it will not take any action that would violate the FCPA;
- Lack of transparency in expenses in accounting records;
- Inflated invoices;
- Relationship between the agent/consultant and the foreign government;
- Apparent lack of qualifications or resources on the part of the KapStone representative to perform the services offered;
- Lacking adequate support documentation such as official stamps or chops where required;
- “Recommendations” of a KapStone representative that come from an official of a potential government customer.

Other Countries’ Laws

Other countries also have laws similar to the U.S. FCPA that prohibit bribery of foreign officials by their citizens and companies, including the U.K. Bribery Act. These laws are similar to the FCPA, but often differ in important respects—such as the treatment of facilitation payments. In addition, almost all nations have local laws that prohibit bribery of their public officials. KapStone requires all employees and agents to comply in all respects with applicable foreign laws and regulations. Employees involved in international operations should consult with the General Counsel to ensure that they are aware of, and are complying with, applicable laws.

Where to Get Help with Questions or Concerns:

No one will be reprimanded, or otherwise punished, for raising legitimate questions related to any transaction; we encourage this interest in the well-being of KapStone. Providing your name allows KapStone to contact you if necessary during any investigation. KapStone will maintain in

confidence the identity of those individuals who provide their names when reporting to the fullest extent possible consistent with the need to investigate. Absolute confidentiality of any complaint under this Policy, however, cannot be guaranteed because the very fact of conducting an investigation may lead employees or other persons to reach conclusions of their own.

Contact KapStone's General Counsel with any questions or comments on this policy.

Any individual reasonably believes that there has been a material violation of this Policy should report it immediately to KapStone's General Counsel at 847-239-8800. Alternately, an individual may contact KapStone's Chief Financial Officer, who is KapStone's Compliance Officer, or call KapStone's anonymous Ethics and Compliance Hotline at 877-217-4771.

APPENDIX A

Model Sales Agent Certification

_____ (the “Company”) hereby represents and warrants to KapStone Paper and Packaging Corporation and its affiliates (collectively “KapStone”) as follows:

1. The undersigned is familiar with the United States Foreign Corrupt Practices Act (“FCPA”).
2. The undersigned has read and understands KapStone’s Anti-Bribery Policy (the “Policy.”)
3. The Policy has been read by each employee of the Company who is engaged in the sale and/or distribution of KapStone products.
4. The undersigned has no knowledge of any violation of the FCPA or other applicable anti-bribery laws by the Company, its employees, agents, or representatives.
5. The Company will not make any facilitating payments (as such term is described in the Policy) on behalf of KapStone without the prior written consent of KapStone’s General Counsel.
6. The Company will abide by the FCPA and the Policy.
7. The Company will immediately notify KapStone’s General Counsel of any violations of the FCPA and/or the Policy by the Company, its employees, agents, or representatives.

_____ [Print name of outside company/third party]

By: _____ [signature of Agent]

Name: _____

Title: _____

Date: _____