

KAPSTONE PAPER AND PACKAGING CORPORATION

CORPORATE GOVERNANCE GUIDELINES (the “Guidelines”)

Roles and Responsibilities

1. Role of the Board – The board of directors (the “Board”), which is elected by the stockholders of KapStone Paper and Packaging Corporation (the “Company”), is the ultimate decision-making body of the Company, except with respect to matters reserved to stockholders. The primary function of the Board is oversight. The Board, in exercising its business judgment, acts as an advisor and counselor to senior management and defines and enforces standards of accountability – all with a view to enabling senior management to execute their responsibilities fully and in the interests of stockholders. The following are the Board’s primary responsibilities, some of which may be carried out by one or more committees of the Board or the independent directors as appropriate:

- Overseeing the conduct of the Company’s business so that it is effectively managed in the long-term interest of stockholders;
- Selecting, evaluating and compensating the Chief Executive Officer (the “CEO”) and planning for CEO succession, as well as monitoring management’s succession planning for other key executives;
- Overseeing and reviewing the Company’s strategic direction and objectives;
- Monitoring the Company’s accounting and financial reporting practices, and reviewing the Company’s financial and other controls;
- Overseeing the Company’s compliance with applicable laws and regulations; and
- Overseeing the processes that are in place to safeguard the Company’s assets and mitigate risks.

In performing its oversight function, the Board is entitled to rely on the advice, reports and opinions of management, counsel, auditors and other outside experts. In that regard, the Board and its committees shall be entitled, at the expense of the Company, to engage such independent legal, financial or other advisors as they deem appropriate, without consulting or obtaining the approval of any officer of the Company.

2. Role of the Chairman – The Chairman of the Board (the “Chairman”) shall be a member of the Board and may or may not be an officer or employee of the Company. The principal duty of the Company’s Chairman is to lead and oversee the Board. The Chairman should facilitate an open flow of information between management and the Board, and should lead a critical evaluation of Company management, practices and adherence to the Company’s strategic plan and objectives. In accordance with the Company’s bylaws (the “Bylaws”), the Chairman shall preside at all meetings of the Board and the stockholders. The Chairman shall also establish an agenda for each meeting of the Board.

3. **Role of the CEO and Management** – The Company's business is conducted by its employees, managers and officers, under the direction of senior management and led by the CEO. In carrying out the Company's business, the CEO and senior management are accountable to the Board and ultimately to stockholders. Management's primary responsibilities include the day-to-day operation of the Company's business, strategic planning, budgeting, financial reporting and risk management.

Composition of the Board

4. **Size of the Board** – The Board itself determines its size within the range of 3 to 12 members required by the Bylaws. The Board believes that, at this time, the desirable number of directors is 12. In the event of a vacancy on the Board, the directors may either fill the vacancy or decrease the size of the Board, in accordance with the terms of the Bylaws.
5. **Qualifications and Selection of Directors** – The Nominating and Governance Committee (the "Governance Committee") is responsible for selecting candidates for Board membership, subject to Board approval, and for extending invitations to join the Board. In selecting candidates, the Board endeavors to find individuals of high integrity who have a solid record of accomplishment in their chosen fields and who display the independence of mind and strength of character to effectively represent the best interests of stockholders. Candidates are selected for their ability to exercise good judgment, and to provide practical insights and diverse perspectives. Consistent with its charter, the Governance Committee is responsible for screening candidates, for establishing criteria for nominees, and for recommending to the Board a slate of nominees for election to the Board at the Annual Meeting of Stockholders. In performing these tasks, the Governance Committee shall have the sole authority to retain and terminate any search firm to be used to identify director candidates. Candidates are approved by the full Board. The Board will consider only those candidates for election or re-election to the Board who submit all information required under the Bylaws and these Guidelines.
6. **Independence of Directors** – All directors except any named executive officer, if such officer is a director, shall be independent. An independent director is one who is free of any relationship with the Company or its management that may impair, or appear to impair, the director's ability to make independent judgments, and who meets the New York Stock Exchange's (the "NYSE") definition of independence. All members of the Audit, Compensation, and Governance committees shall be independent. The Board determines each director's independence after reviewing pertinent facts and circumstances in accordance with the NYSE's independent standards, these Guidelines and the independence standards established by the Board from time to time.
7. **Retirement; Term Limits** – The Board does not believe that arbitrary term limits for directors based on age or years of service are appropriate, as they may sometimes force the Company to lose the contribution of directors who have over time developed increased insight into the Company and its operations. However, a director's service should not outlast his or her ability to contribute, and consequently the Board does not believe that directors should expect to be renominated continually. Each director's continued tenure shall be re-considered at the end of his or her term, taking into account the results of the Board's most recent self-evaluation and director peer evaluations. It is the Board's intent to maintain a balance of directors who have longer terms of service and those who have joined more recently.

Board Leadership

- 8. Selection of CEO and Chairman** – The independent directors shall select the CEO and the Chairman. The independent directors will exercise their discretion in combining or separating the positions of Chairman and CEO, as they deem appropriate in light of prevailing circumstances.

Responsibilities and Conduct of Directors

- 9. Responsibilities of Directors** – Directors must devote sufficient time and attention, and meet as frequently as necessary, to discharge their responsibilities. In discharging their responsibilities, directors must exercise their business judgment and act in a manner that they believe in good faith is in the long-term best interests of the Company and its stockholders. Directors are expected to attend the Company's Annual Meeting of Stockholders and all or substantially all Board meetings and meetings of the committees of the Board on which they serve. Directors are also expected to spend whatever additional time as may be necessary for them to discharge their responsibilities appropriately. Directors shall ensure that other existing or future commitments do not materially interfere with their ability to fulfill their responsibilities as Company directors.
- 10. Conflicts of Interest** – Directors shall avoid any situation that may give rise to a conflict of interest or the appearance of a conflict of interest. If an actual or potential conflict of interest arises, the director shall promptly inform the Chairman and the chair of the Governance Committee (or in the event a potential conflict arises with the chair of the Governance Committee, he or she shall notify the chair of the Audit Committee) and recuse himself or herself from any Board deliberations or decisions related to the matter that is the subject of the conflict of interest. If an actual or potential conflict exists and cannot be resolved by a director's recusal from participation in discussions or deliberations related to the matter or in any other reasonable manner, the director is expected to offer to submit his or her resignation to the chair of the Governance Committee. The Governance Committee shall determine whether to accept or reject such offer. The Board shall resolve any conflict of interest question involving the CEO or any executive officer.
- 11. Director Elections** – In accordance with the Bylaws, in an uncontested election, if a nominee for director who is an incumbent director is not re-elected, the director shall promptly tender his or her resignation to the Board, which resignation may be made subject to acceptance by the Board.

If an incumbent director fails to receive the required vote for re-election, the Governance Committee will act on an expedited basis to determine whether or not to accept the director's resignation, or whether other action should be taken, and will submit such recommendation for prompt consideration by the Board. The Board expects any director whose resignation is under consideration to abstain from participating in the Board's deliberation of any director resignations at that time. The Governance Committee and the Board may consider any factors they deem appropriate and relevant in deciding whether or not to accept a director's resignation due to his or her failure to receive the required vote for re-election.

The Board shall act on the resignation, taking into account the Governance Committee's recommendation, and publicly disclose (by a press release, a filing with the Securities Exchange Commission or other broadly disseminated means of communication) its decision regarding the

tendered resignation and the rationale behind the decision within 90 days following certification of the election results. If such incumbent director's resignation is not accepted by the Board, such director shall continue to serve until the next Annual Meeting of Stockholders at which such director's class stands for election and until such director's successor is duly elected or such director's earlier resignation or removal. If the Board accepts such director's resignation, or if a nominee for director is not elected and the nominee is not an incumbent director, the Board may fill the resulting vacancy pursuant to the terms of the Bylaws.

Functioning of the Board

- 12. Board Meetings** – The Board meets at least 4 times a year. Additional meetings are scheduled as necessary or appropriate in light of prevailing circumstances. The Chairman presides over all meetings of the Board and establishes an agenda for each meeting. Agendas are set so as to ensure that the Board will be able to fulfill its oversight responsibilities. Directors may at any time suggest the addition of any matters to a meeting agenda or raise for discussion at any meeting any subject that they wish, whether or not it is on the agenda for the meeting. The Secretary attends all meetings of the Board and records the minutes. The Chief Financial Officer and General Counsel also attend meetings of the Board. Any one or all of these officers may be excused from all or any portion of a Board meeting at the request of any director.
- 13. Executive Sessions** – The Board refers to meetings of the independent directors as “executive sessions.” The chair of the Governance Committee presides over executive sessions; however, he or she may choose to defer to another committee chair when the subject matter of the meeting falls within the purview of that Board committee. The independent directors determine the frequency, length and agenda for executive sessions. An executive session is generally scheduled immediately before or after each regular Board meeting.
- 14. Information to be Distributed Prior to Meetings** – Information regarding the Company's business and performance is distributed to all directors on a monthly basis. In addition, business updates and information regarding recommendations for action by the Board at a meeting shall be made available to the Board a reasonable period of time before meetings.

Functioning of Committees

- 15. Committee Structure** – The Board believes that the Company benefits from its collective wisdom, and therefore the Board as a whole will deal with major corporate decisions. There are, however, certain key areas that require more in-depth examination than might be possible at a full Board meeting. Accordingly, the Board has established three standing committees: Audit, Compensation, and Governance. The Board may also establish ad hoc committees from time to time as circumstances and business activities warrant.
- 16. Committee Charters** – Each standing committee shall have a written charter that shall be approved by the full Board, upon the recommendation of the Governance Committee. Each committee charter shall state the purpose of the committee and reflect the responsibilities that the committee has undertaken. Each committee shall review its charter annually and recommend amendments to it as appropriate to reflect changes in the committee's responsibilities, applicable law or regulations, and other relevant considerations.

- 17. Committee Membership** – Committees and their chairs shall be appointed by the Board annually (other than in the case of any vacancy or the addition of a newly created director positions). The Board will take into account the experience and expertise needed to fulfill each committee's responsibilities in its annual review of committee membership. It is the Board's policy that only independent directors shall serve on the standing committees. The members of the Audit, Compensation and Governance committees shall at all times meet the requirements of applicable law and listing standards.
- 18. Committee Meetings** – The chairs of the various committees, in consultation with their committee members, shall determine the frequency, length and agenda of committee meetings. Information regarding matters to be considered at committee meetings shall be distributed to committee members a reasonable period of time before such meetings. The chair of each committee shall report on the activities of the committee to the Board following committee meetings, and minutes of committee meetings shall be distributed to all directors for their information.

Board Compensation & Share Ownership

- 19. Board Compensation** – Directors who are employees of the Company shall not be compensated for their services as directors. The Governance Committee shall determine the form and amount of compensation for independent directors, including any non-executive Chairman, if applicable, subject to approval of the full Board. The Governance Committee shall be sensitive to questions of independence that may be raised where director fees and expenses exceed customary levels for companies of comparable scope and size.
- 20. Share Ownership by Directors** – Each non-employee director is to own shares of the Company's common stock which, in the aggregate, are equal in value to at least 5 times the current annual Board cash retainer within 4 years of joining the Board; that restricted stock unit awards and vested options will count toward the ownership requirements; and that discretion may be applied by the Board in periods of volatile markets.
- 21. Share Ownership by Executive Officers** – Any named executive officer, if such officer is a director, shall own shares of the Company's common stock which, in the aggregate, are equal in value to at least 6 times such officer's respective annual salary within 4 years of being appointed to such office. All other executive officers of the Company are to own shares of the Company's common stock which, in the aggregate, are equal in value to at least 2 times their respective annual salary within 4 years of being named executive officers; that restricted stock unit awards and vested options will count toward the ownership requirements; and that discretion may be applied by the Board in periods of volatile markets.

Leadership Development

- 22. Annual Review of Management Performance** – After consulting with the independent directors, the Compensation Committee and the Governance Committee shall approve the annual goals and objectives of the CEO, which shall be consistent with the Company's goals and objectives relevant to the CEO's compensation established annually by the Compensation Committee in accordance with its Charter. Each year, the Compensation Committee and the Governance Committee, shall

jointly provide the CEO with a performance review for the preceding year and, if so directed by the Board of Directors, shall consult with the independent directors in evaluating the CEO's performance. Consistent with this evaluation, the Compensation Committee shall establish the CEO's salary, bonus and other incentive and equity compensation for the year. In addition, the Compensation Committee shall also annually approve the compensation structure for the Company's executive officers.

- 23. Succession Planning** – The Board shall annually consider a succession plan for the CEO and senior management.
- 24. Committee Self-Evaluations** – Each of the Audit, Compensation, and Governance Committees shall annually evaluate its performance as a committee. At the conclusion of the evaluation process, the chair of each respective committee shall report the committee's conclusions to the full Board and may make recommendations for improvement to the full Board.
- 25. Director Orientation and Education** – Each new director shall be given the following orientation with respect to his or her duties as a director: (a) a handbook containing a copy of these Guidelines and each of the Company's policies; (b) one or more meetings, in person or by teleconference, with the Company's CEO and Chief Financial Officer; and (c) except to the extent it is unnecessary for any director who is also an executive officer of the Company, such background material with respect to the Company that the Governance Committee determines to be appropriate. The Governance Committee shall recommend such additional orientation and education procedures for directors and members of Board committees that the Governance Committee considers appropriate. Each director and each member of a Board committee shall cooperate in fulfilling any applicable orientation and education requirements that may be adopted by the Board or required by applicable law.
- 26. Board Self-Evaluations** – The Governance Committee will develop, recommend to the Board, and coordinate an annual evaluation of the Board and its committees as required by the NYSE to determine whether they are functioning effectively and meeting their objectives and goals.

Communications

- 27. Access to Management and Information** – In order to fulfill their oversight responsibilities, directors shall have free access to Company management and employees. The Board encourages the Chairman to invite members of management to make presentations at Board meetings in order to provide particular insights into aspects of the Company's business or to provide individuals with exposure to the Board for purposes of management development. Management shall be responsive to all requests for information from Board members.
- 28. Board Interaction with Institutional Investors, the Press and other Constituencies** – The Board believes that, as a general matter, management speaks for the Company. Directors should refrain from communicating with various constituencies involved with the Company without prior approval from the Chairman and appropriate members of management. In situations where public comments from the Board may be appropriate, they should come only from the Chairman.

29. Public Communications with the Board – The Board shall provide a means by which persons, including stockholders and employees, may communicate directly with directors with regard to matters relating to the Company’s corporate governance and performance. The Board’s independent directors shall approve a process to be maintained by the Company’s management for collecting and distributing communications with the Board. The means of communications with the Board shall be disclosed in the Company’s annual proxy statement.

Stockholder Practices

30. Stockholder Directors Recommendations / Nominations – Stockholders may suggest director candidates for consideration by the Governance Committee by writing to the Governance Committee and providing the suggested candidate’s name, biographical data, qualifications and the candidate’s written consent (i) to be considered as a nominee; (ii) to provide information as described in the Bylaws if requested to do so; and (iii) to serve as a director if elected. Stockholders who wish to nominate director candidates for election by stockholders at the Company’s Annual Meeting of Stockholders may do so in accordance with the provisions for nomination described in the Bylaws.

31. Consideration of Stockholder Proposals – The Governance Committee will review and make recommendations to the Board with respect to any proposal properly presented by a stockholder for inclusion in the Company’s annual proxy statement. The Governance Committee may also, as appropriate in light of the subject matter of the proposal, refer any such proposal to any other committee of the Board for purposes of such review and recommendations. In considering a proposal, any applicable committee of the Board may seek input from an independent advisor and/or legal counsel. After consideration by the Board, the stockholder proponent will be notified of the conclusion of the Board.

32. Confidential Voting – It is the Company’s policy to protect the confidentiality of stockholder votes throughout the voting process. The policy in this regard shall be disclosed in the Company’s annual proxy statement.

Other Guidelines and Policies

In addition to these Guidelines and the committee charters, the Board and its committees will from time to time establish operating procedures, guidelines and policies that pertain to their respective oversight functions. The Secretary of the Company is charged with maintaining copies of these Guidelines and other policies.

Approved: August 2017