

KAPSTONE PAPER & PACKAGING CORP
Form DEF 14A
April 05, 2017

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

KAPSTONE PAPER AND PACKAGING CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

Edgar Filing: KAPSTONE PAPER & PACKAGING CORP - Form DEF 14A

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

April 5, 2017

Dear Stockholder:

This year's Annual Meeting of Stockholders will be held on Tuesday, May 16, 2017 at 11:00 a.m., Central Daylight Time, at 1033 Skokie Boulevard, Suite 100, Northbrook, Illinois. You are cordially invited to attend.

The Notice of Annual Meeting of Stockholders and a Proxy Statement, which describe the formal business to be conducted at the meeting, follow this letter.

After reading the Proxy Statement, please make sure to vote your shares by promptly dating, signing, and returning the enclosed proxy card or attending the Annual Meeting in person. Regardless of the number of shares you own, your careful consideration of, and vote on, the matters before the Company's stockholders are important.

A copy of the Company's 2016 Annual Report is also enclosed.

I look forward to seeing you at the Annual Meeting.

Very truly yours,

Roger W. Stone

Chairman of the Board

Table of Contents

PROXY SUMMARY

This summary contains highlights about KapStone Paper and Packaging Corporation (the "Company") and the upcoming 2017 Annual Meeting of Stockholders. This summary does not contain all of the information that you should consider in advance of the meeting, and we encourage you to read the entire Proxy Statement carefully before voting.

GOVERNANCE HIGHLIGHTS

Board of Directors

- 12 directors; 10 are independent
- All members of our Audit Committee, Compensation Committee and Nominating and Governance Committee (each a "Committee") are independent
- Director resignation policy
- Executive sessions at each regularly scheduled Board meeting
- Annual Board and Committee self-assessments
- Robust stock ownership requirements for each non-employee director

Stockholder Interests

- No stockholder rights plan
- Policies against hedging or pledging company securities applicable to employees and directors
- Stock ownership requirements for Named Executive Officers
- Annual advisory vote to approve compensation of Named Executive Officers
- Majority of votes cast standard for uncontested director elections

EXECUTIVE COMPENSATION HIGHLIGHTS

We believe that compensation for executives should be determined according to a competitive framework taking into account the financial performance of the Company, individual contributions and the external market in which the Company competes for executive talent. The Company relies principally on the following elements of compensation:

- Base salary
- Eligibility to receive annual performance-based cash awards
- Long-term incentive compensation in the form of stock options and restricted stock units

Table of Contents

In 2016, the Compensation Committee utilized Frederic W. Cook & Co., an executive compensation consulting company, to assist in evaluating executive compensation programs and in evaluating Named Executive Officers' compensation compared to an established peer group of similar companies.

Best practices associated with our executive compensation programs include:

- No employment agreements
- No severance arrangements
- Capped performance-based cash awards
- Clawback provisions on performance-based cash awards and long-term incentive awards
- Benchmarking
- Stock ownership requirements

VOTING MATTERS

	Agenda Items	Board Vote Recommendation	Page Reference
1.	Election of four director nominees named in this Proxy Statement, each for a three-year term	FOR each director nominee	6
2.	Vote to ratify appointment of Ernst & Young LLP as independent registered public accounting firm for 2017	FOR	42
3.	Advisory vote to approve the Company's Named Executive Officer compensation	FOR	43
4.	Advisory vote on the frequency of an advisory vote on Named Executive Officer compensation	ONE YEAR	44

Election of Directors (Proposal 1)

The following table provides summary information about our nominees for election to the Board of Directors. Additional information for all directors, including nominees, may be found beginning on page 7 of this Proxy Statement.

Name	Director Since	Business Experience	Independent
John M. Chapman	2005	Co-founder and Managing Member of Arcade Partners	Yes
Paula H.J. Cholmondeley	2016	Principal of The Sorrel Group	Yes
Ronald J. Gidwitz	2008	Former President and CEO of Helene Curtis	Yes
Matthew Kaplan		President and CEO of the Company	No

2005

Table of Contents

Vote to Ratify Appointment of Independent Registered Public Accounting Firm (Proposal 2)

We are asking stockholders to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2017. We paid Ernst & Young LLP a total of **\$4,471,284** in fees in 2016. Additional information regarding our independent registered public accounting firm and audit fees may be found beginning on page 22 of this Proxy Statement.

Advisory Vote to Approve the Company's Named Executive Officer Compensation (Proposal 3)

We are asking stockholders to cast an advisory, non-binding vote to approve the compensation awarded to our Named Executive Officers as disclosed in this Proxy Statement. Additional information regarding our executive compensation may be found beginning on page 23 of this Proxy Statement.

Advisory Vote on the Frequency of an Advisory Vote on Named Executive Officer Compensation (Proposal 4)

We are asking stockholders to cast an advisory, non-binding vote as to whether future advisory votes to approve the compensation awarded to our Named Executive Officers should be held every one, two or three years.

MEETING INFORMATION

Date and Time:	May 16, 2017, 11:00 a.m. Central Daylight Time
Place:	1033 Skokie Boulevard, Suite 100 Northbrook, Illinois 60062
Record Date:	March 20, 2017
Voting:	Stockholders of record at the close of business on the Record Date may vote at the Annual Meeting. Each share is entitled to one vote on each matter to be voted upon.

Table of Contents

TABLE OF CONTENTS

<u>NOTICE OF ANNUAL MEETING OF STOCKHOLDERS</u>	<u>1</u>
<u>PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS</u>	<u>1</u>
<u>FREQUENTLY ASKED QUESTIONS</u>	<u>4</u>
<u>STOCK OWNERSHIP</u>	<u>4</u>
<u>SECURITY OWNERSHIP OF MANAGEMENT</u>	<u>4</u>
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL STOCKHOLDERS</u>	<u>5</u>
<u>SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS</u>	<u>5</u>
<u>PROPOSAL 1 ELECTION OF DIRECTORS</u>	<u>6</u>
<u>NOMINEES FOR ELECTION AT THE 2017 ANNUAL MEETING OF STOCKHOLDERS</u>	<u>7</u>
<u>OTHER MEMBERS OF THE BOARD OF DIRECTORS</u>	<u>9</u>
<u>GOVERNANCE STRUCTURE</u>	<u>13</u>
<u>ROLE OF THE BOARD</u>	<u>13</u>
<u>BOARD LEADERSHIP STRUCTURE</u>	<u>13</u>
<u>WHO ARE THE INDEPENDENT DIRECTORS?</u>	<u>14</u>
<u>HOW OFTEN DID THE BOARD MEET DURING 2016?</u>	<u>14</u>
<u>WHAT IS THE COMPANY'S POLICY REGARDING DIRECTOR ATTENDANCE AT THE ANNUAL MEETING?</u>	<u>14</u>
<u>WHAT COMMITTEES HAS THE BOARD ESTABLISHED?</u>	<u>14</u>
<u>HOW ARE DIRECTORS NOMINATED?</u>	<u>15</u>
<u>2016 DIRECTOR COMPENSATION</u>	<u>17</u>
<u>NON-EMPLOYEE DIRECTOR OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2016</u>	<u>18</u>
<u>DIRECTOR STOCK OWNERSHIP REQUIREMENTS</u>	<u>18</u>
<u>CORPORATE GOVERNANCE</u>	<u>19</u>
<u>RISK OVERSIGHT</u>	<u>19</u>
<u>REPORT OF THE AUDIT COMMITTEE</u>	<u>20</u>
<u>INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	<u>22</u>
<u>FEES OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	<u>22</u>
<u>EXECUTIVE OFFICERS</u>	<u>23</u>
<u>EXECUTIVE COMPENSATION</u>	<u>25</u>
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	<u>25</u>
<u>2016 COMPENSATION DECISION HIGHLIGHTS</u>	<u>25</u>
<u>COMPENSATION POLICIES AND OBJECTIVES</u>	<u>26</u>
<u>ELEMENTS OF COMPENSATION</u>	<u>26</u>
<u>NO SEVERANCE AGREEMENTS</u>	<u>27</u>
<u>OVERVIEW OF COMPENSATION PROGRAM AND PROCESS</u>	<u>27</u>
<u>BENCHMARKING</u>	<u>28</u>
<u>COMPONENTS OF EXECUTIVE COMPENSATION</u>	<u>29</u>
<u>2017 COMPENSATION</u>	<u>32</u>
<u>REGULATORY CONSIDERATIONS</u>	<u>32</u>
<u>NAMED EXECUTIVE OFFICER STOCK OWNERSHIP REQUIREMENTS</u>	<u>33</u>
<u>REPORT OF THE COMPENSATION COMMITTEE</u>	<u>33</u>
<u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u>	<u>33</u>
<u>OVERSIGHT OF COMPENSATION RISK</u>	<u>34</u>
<u>SUMMARY COMPENSATION TABLE</u>	<u>35</u>
<u>2016 GRANTS OF PLAN-BASED AWARDS</u>	<u>36</u>
<u>OUTSTANDING EQUITY AWARDS AT 2016 FISCAL YEAR END</u>	<u>37</u>
<u>OPTION EXERCISES AND STOCK VESTED IN 2016</u>	<u>38</u>
<u>PENSION BENEFITS IN 2016</u>	<u>38</u>
<u>POTENTIAL PAYMENTS UPON CHANGE-IN-CONTROL OR TERMINATION</u>	<u>39</u>
<u>STOCK PRICE PERFORMANCE PRESENTATION</u>	<u>40</u>
<u>CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS</u>	<u>40</u>
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	<u>41</u>
<u>CODE OF ETHICS</u>	<u>41</u>
<u>PROPOSAL 2 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	<u>42</u>

<u>PROPOSAL 3 APPROVAL OF THE COMPANY'S NAMED EXECUTIVE OFFICER COMPENSATION</u>	<u>43</u>
<u>PROPOSAL 4 ADVISORY VOTE ON THE FREQUENCY OF AN ADVISORY VOTE ON NAMED EXECUTIVE OFFICER COMPENSATION</u>	<u>44</u>
<u>ADDITIONAL INFORMATION</u>	<u>45</u>
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	<u>46</u>
<u>TRANSACTION OF OTHER BUSINESS</u>	<u>46</u>

Table of Contents

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD MAY 16, 2017**

To the Stockholders:

The Annual Meeting of Stockholders of KapStone Paper and Packaging Corporation ("KapStone" or the "Company") will be held on Tuesday, May 16, 2017, at 11:00 a.m., Central Daylight Time, at 1033 Skokie Boulevard, Suite 100, Northbrook, Illinois 60062, for the following purposes:

1. To vote upon the election of the four Class B directors identified in the proxy statement that accompanies this notice, each to hold office for a three-year term and until his or her respective successor is elected and qualified. The Board of Directors has nominated the following persons for election as Class B directors at the meeting: John M. Chapman, Paula H.J. Cholmondeley, Ronald J. Gidwitz and Matthew Kaplan.
2. To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the year ending December 31, 2017.
3. To hold an advisory, non-binding vote to approve the Company's Named Executive Officer compensation.
4. To hold an advisory, non-binding vote as to whether future advisory, non-binding votes to approve the Company's Named Executive Officer compensation should be held every one, two or three years.
5. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Stockholders of record at the close of business on March 20, 2017 are entitled to notice of, and to vote at, the Annual Meeting of Stockholders and any adjournments or postponements thereof. For ten (10) days prior to the Annual Meeting of Stockholders, a complete list of the stockholders of record on March 20, 2017 will be available at the Company's principal offices for examination during ordinary business hours by any stockholder for any purpose relating to the meeting.

YOUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" ALL DIRECTOR NOMINEES, "FOR" PROPOSALS 2 AND 3, AND FOR "ONE YEAR" ON PROPOSAL 4.

By Order of the Board of Directors,

Roger W. Stone
Chairman of the Board

Northbrook, Illinois
April 5, 2017

IMPORTANT: Please promptly fill in, date, sign and return the enclosed proxy card in the accompanying pre-paid envelope to ensure that your shares are represented at the meeting. You may revoke your proxy before it is voted. If you attend the meeting, you may choose to vote in person even if you have previously sent in your proxy card.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders To Be Held on May 16, 2017

Edgar Filing: KAPSTONE PAPER & PACKAGING CORP - Form DEF 14A

The Company's Proxy Statement for the 2017 Annual Meeting of Stockholders and the Annual Report to Stockholders on Form 10-K for the year ended December 31, 2016, are available at <http://ir.kapstonepaper.com>.

Table of Contents

KapStone Paper and Packaging Corporation

1101 Skokie Boulevard
Suite 300
Northbrook, Illinois 60062

PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS

The accompanying proxy is being solicited by the Board of Directors (the "Board") of KapStone Paper and Packaging Corporation (the "Company" or "KapStone") and contains information related to the Annual Meeting of Stockholders to be held on Tuesday, May 16, 2017, at 11:00 a.m., Central Daylight Time, or any adjournment or postponement thereof ("Annual Meeting"), for the purposes described in the accompanying Notice of Annual Meeting of Stockholders and in this Proxy Statement. The Annual Meeting will be held at 1033 Skokie Boulevard, Suite 100, Northbrook, Illinois. This Proxy Statement was filed with the Securities and Exchange Commission (the "SEC") and is first being sent or given to stockholders on or about April 5, 2017.

FREQUENTLY ASKED QUESTIONS

What am I voting on?

You will be voting on:

The election of four director nominees named in this Proxy Statement to serve on the Board;

The ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for 2017;

Advisory approval of the compensation of the Company's Named Executive Officers as disclosed in the Compensation Discussion and Analysis section and accompanying compensation tables and related narratives contained in this Proxy Statement ("Say-on-Pay");

Advisory approval of the frequency with which the Company will hold an advisory vote to approve the compensation of the Company's Named Executive Officers ("Frequency"); and

Any other matters properly brought before the meeting.

How does the Board recommend that I vote on each proposal?

The Company's Board recommends that you vote:

FOR each of the director nominees;

Edgar Filing: KAPSTONE PAPER & PACKAGING CORP - Form DEF 14A

FOR ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for 2017;

FOR the approval of the non-binding Say-on-Pay proposal; and

For ONE YEAR on the Frequency proposal.

Who is entitled to vote at the meeting?

Holders of record of shares of the Company's common stock, \$0.0001 par value per share ("Common Stock"), at the close of business on March 20, 2017 (the "Record Date") will be entitled to vote. As of the close of business on the Record Date, there were 96,786,601 shares of Common Stock outstanding and entitled to vote.

Table of Contents

How many votes am I entitled to?

You are entitled to one vote for each share of Common Stock that you own.

How do I vote shares held in my name?

You may vote in person at the Annual Meeting or by proxy. If you properly complete, sign and return the enclosed proxy card, the shares held in your name will be voted as you direct. If you sign and return the proxy card but do not include voting instructions, the shares held in your name will be voted FOR the four director nominees named in this Proxy Statement, FOR the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for 2017, FOR the approval of the Say-on-Pay resolution, and for ONE YEAR on the Frequency proposal.

Can I change my vote after I return my proxy card?

You may change your vote or revoke your proxy at any time before the polls close at the Annual Meeting by taking any of the following actions:

delivering a later-dated proxy;

giving written notice to the Company's Secretary; or

voting in person at the Annual Meeting.

How do I vote my shares held by my broker?

If your shares are held in street name, you must either direct your broker as to how to vote your shares or obtain a proxy from your broker giving you the right to vote the shares in person at the Annual Meeting.

How many votes must be present to constitute a quorum?

A quorum is the presence at the Annual Meeting in person or by proxy of a majority of the outstanding shares of Common Stock. There needs to be a quorum in order for the Annual Meeting to be held. Broker non-votes and proxies received but marked as abstentions will count for purposes of establishing a quorum. Broker non-votes occur when a broker holding shares for a beneficial owner does not vote on a particular proposal because the broker does not have discretionary voting power for the particular matter and has not received voting instructions from the beneficial owner.

May my shares be voted if I do not provide my proxy?

If your shares are held in street name, they may be voted on matters that the New York Stock Exchange (the "NYSE") considers "routine" even if you do not instruct your broker how to vote your shares. Accordingly, if you do not instruct your broker how to vote your shares, your broker can vote your shares to approve the appointment of Ernst & Young LLP as the Company's independent registered accounting firm, but your broker cannot vote your shares on the election of directors, the Say-on-Pay proposal, or the Frequency proposal.

What vote is required to approve each proposal, assuming a quorum is present at the Annual Meeting?

It will depend on each proposal.

For Proposal One: According to the Company's Amended and Restated Bylaws ("Bylaws"), each director shall be elected by the affirmative vote of a majority of the votes cast with respect to that director's election, unless the number of nominees exceeds the number of directors to be elected, in which case the directors shall be elected by the vote of a plurality of the shares of Common Stock present in person or represented by proxy at the meeting and entitled to vote on the subject matter. To receive a majority of the votes cast in an election of a director, the number of votes "for" the election of that director must

exceed the number of votes

Table of Contents

cast "against" that director's election (with "abstentions" and "broker non-votes" not counted as a vote either "for" or "against" that director's election). According to the Company's Corporate Governance Guidelines, in an uncontested election, if a director nominee fails to receive the required vote for his or her re-election, the Board expects such director nominee to promptly tender his or her resignation.

For Proposal Two: The affirmative vote of the holders of a majority of the shares of Common Stock present in person or represented by proxy at the meeting and entitled to vote on the subject matter is required for the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for 2017.

For Proposal Three: The affirmative vote of the holders of a majority of the shares of Common Stock present in person or represented by proxy at the meeting and entitled to vote on the subject matter is required for approval of the Say-on-Pay resolution. Because the vote is advisory, it will not be binding on the Board or the Company. However, the Board will review the voting results and take them into consideration when making future decisions regarding Named Executive Officer compensation.

For Proposal Four: The option of one year, two years or three years that receives the highest number of votes cast by stockholders will be considered by the Board as the stockholders' recommendation as to the frequency of future advisory votes on executive compensation. Because the vote is advisory, it will not be binding on the Board or the Company. However, the Board will review the voting results and take them into consideration when making future decisions regarding how frequently to hold an advisory vote on Named Executive Officer compensation.

How are we soliciting this proxy?

The Company may solicit stockholder proxies by mail, telephone, Internet, or personally through certain of its directors, officers and employees who will receive no extra compensation for their services. The Company will bear all costs of soliciting proxies, including, upon request, reimbursing brokers for the reasonable expenses incurred by them in forwarding proxy materials to the beneficial owners of Common Stock.

How can I contact the Board?

Anyone desiring to communicate directly with the Board or the non-management directors, individually or as a group, including the presiding director, may do so by written communication addressed to them at KapStone Paper and Packaging Corporation, 1101 Skokie Boulevard, Suite 300, Northbrook, IL 60062, Attention: Vice President, Secretary, and General Counsel. Relevant communications will be forwarded by the Secretary to the appropriate directors depending on the facts and circumstances outlined in the communication.

Table of Contents**STOCK OWNERSHIP****SECURITY OWNERSHIP OF MANAGEMENT**

The following table shows the amount of the Company's Common Stock beneficially owned, unless otherwise indicated, by the Company's directors, Named Executive Officers and executive officers as a group as of March 20, 2017. Except as otherwise specified, the named beneficial owner has sole voting and investment power over the shares listed. None of the shares are pledged as security. The total number of shares of Common Stock outstanding as of March 20, 2017 was 96,786,601.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership of Common Stock(1)	Options Currently Exercisable or Exercisable Within 60 Days	Percentage of Common Stock
Roger W. Stone(2)	5,718,713	507,013	5.91%
Matthew Kaplan(3)	3,893,865	599,205	4.02%
Robert J. Bahash	27,895	2,895	*
John M. Chapman	638,750	129,010	*
Paula H.J. Cholmondeley	25,836		*
Jonathan R. Furer	1,314,244	129,010	1.36%
David G. Gabriel	24,318	8,238	*
Brian R. Gamache	75,370	31,738	*
Ronald J. Gidwitz	126,934	31,738	*
Matthew H. Paull	62,974	25,790	*
Maurice S. Reznik	16,495	2,895	*
David P. Storch	65,784	31,738	*
Timothy P. Keneally	210,277	128,552	*
Randy J. Nebel	59,733	44,728	*
Andrea K. Tarbox	268,207	182,862	*
All directors, Named Executive Officers and other executive officers as a group (twenty-one individuals)	12,668,157	1,956,358	13.09%

*

Less than 1%.

(1)

Includes options currently exercisable or exercisable within 60 days of March 20, 2017. Restricted stock units ("RSUs") granted under the Company's Amended and Restated 2006 Incentive Plan, its 2014 Incentive Plan, and its 2016 Incentive Plan do not have voting rights and are converted into shares of Common Stock when the vesting period lapses. None of the persons named in the table has RSUs that vest within 60 days after March 20, 2017.

(2)

1,949,800 shares of Common Stock are owned by Mr. Stone's family foundation of which Mr. Stone is director. Mr. Stone has sole voting control and investment discretion over such shares.

(3)

504,172 shares of Common Stock are owned by four family trusts for the benefit of Mr. Kaplan's children.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL STOCKHOLDERS**

The following table shows those persons known to us as of March 20, 2017 to be the beneficial owners of more than 5% of the Company's Common Stock, with the exception of Roger W. Stone, whose ownership is included in the Security Ownership of Management table above. In furnishing the information below, we have relied upon filings made by the beneficial owners with the SEC.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership of Common Stock(1)	Percentage of Outstanding Common Stock
BlackRock, Inc.(1)	10,720,140	11.1%
The Vanguard Group(2)	7,607,903	7.87%

- (1) Reflects the holdings as of December 31, 2016 that BlackRock, Inc. reported in a Schedule 13G amendment filed on January 12, 2017. It reported sole voting power with respect to 10,530,942 shares and sole dispositive power with respect to 10,720,140 shares. The business address of the reporting person is 55 East 52nd Street, New York, NY 10055.
- (2) Reflects the holdings as of December 31, 2016 that the Vanguard Group reported in a Schedule 13G amendment filed on February 10, 2017. It reported sole voting power with respect to 109,046 shares, sole dispositive power with respect to 7,493,879 shares, and shared dispositive power with respect to 114,024 shares. The business address of the reporting person is 100 Vanguard Blvd, Malvern, PA 19355.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table shows information about the Company's equity compensation plans at December 31, 2016.

Plan Category	Number of Shares to be Issued Upon Exercise of Outstanding Options and Vesting of Restricted Stock Units	Weighted Average Exercise Price of Outstanding Options	Number of Shares Remaining Available for Future Issuance under Equity Compensation Plans
Equity compensation plans approved by stockholders	4,984,801(1)	\$14.61	8,024,308(2)
Equity compensation plans not approved by stockholders			
Total	4,984,801	\$14.61	8,024,308

- (1) Includes the Company's Amended and Restated 2006 Incentive Plan, its 2014 Incentive Plan, its 2016 Incentive Plan, and its 2009 Employee Stock Purchase Plan.
- (2) Includes 1,000,000 shares issuable under the Company's 2009 Employee Stock Purchase Plan, 786,543 of which are presently subject to purchase.

Table of Contents

PROPOSAL 1

ELECTION OF DIRECTORS

The Company has a classified Board of Directors currently consisting of four Class B Directors (John M. Chapman, Paula H.J. Cholmondeley, Ronald J. Gidwitz, and Matthew Kaplan) who have terms expiring at the Annual Meeting, four Class C directors (Jonathan R. Furer, Matthew H. Paull, Maurice S. Reznik, and Roger W. Stone) who have terms expiring at the 2018 Annual Meeting of Stockholders, and four Class A directors (Robert J. Bahash, David G. Gabriel, Brian R. Gamache, and David P. Storch) who have terms expiring at the 2019 Annual Meeting of Stockholders. Directors in a class are elected for a term of three years to succeed the directors in such class whose terms expire at such Annual Meeting, or a shorter term to fill a vacancy in another class of directors.

The nominees for election at the Annual Meeting to fill the four Class B positions on the Board of Directors are John M. Chapman, Paula H.J. Cholmondeley, Ronald J. Gidwitz, and Matthew Kaplan, each of whom currently serves on the Board. If elected, the Class B director nominees will serve three-year terms expiring at the Annual Meeting of Stockholders in 2020 and until their respective successors are elected and qualified. If a quorum is present and voting at the meeting, each of the four Class B director nominees shall be elected by the affirmative vote of a majority of the votes cast with respect to that director's election. Neither abstentions nor broker non-votes will have any effect upon the outcome of voting with respect to the election of directors.

We believe our Board should be composed of individuals with sophistication and experience in many substantive areas that impact our business. We believe experience, qualifications or skills in the following areas are important: paper industry background; sales; manufacturing; capital markets; finance; accounting; leadership of complex organizations; international operations; and familiarity with board practices of major corporations. We believe that all of our Board members possess the professional and personal qualifications necessary for board service and have highlighted particularly noteworthy attributes of each Board member in the individual biographies below.

The following information relates to the nominees listed above and to the Company's other directors whose terms of office will extend beyond the Annual Meeting. Directors' ages are listed as of the Record Date.

Table of Contents

NOMINEES FOR ELECTION AT THE 2017 ANNUAL MEETING OF STOCKHOLDERS

Class B (Term Ends 2017)

John M. Chapman (age 56)

A director since the Company's inception, Mr. Chapman is a co-founder and has been a managing member of Arcade Partners LLC, a private equity firm, since November 2003. From January 2004 until December 2011 he was a managing director of Washington & Congress Managers, a private equity firm. From March 1990 through December 2003, he was employed by Triumph Capital Group, Inc., a private equity firm, last serving as a managing director. Mr. Chapman received a B.A. from Bates College and an M.B.A. from the Tuck School of Business at Dartmouth College. Mr. Chapman's qualifications to serve on the Board include his experience in capital markets, mergers and acquisitions, finance, and accounting.

Paula H.J. Cholmondeley (age 69)

A director appointed in August 2016, Ms. Cholmondeley is currently principal of The Sorrel Group, a consulting company founded by Ms. Cholmondeley in 2004 and focused on corporate strategy and corporate governance matters. Ms. Cholmondeley was vice president and general manager of Specialty Products at Sappi Fine Paper, North America, a producer of coated fine paper, from 2000 through 2004. Prior to joining Sappi, Ms. Cholmondeley served in increasingly senior positions with Owens Corning, a producer of building and composite products, from 1992 through 1998. She began her career in 1971 with Arthur Andersen & Company before leaving in 1973 to pursue a series of finance and executive roles, including with International Paper Company from 1974 through 1980, Blue Cross Blue Shield of Greater Philadelphia from 1986 through 1988, and The Faxon Company from 1988 through 1992. Ms. Cholmondeley currently serves on the boards of directors of Bank of the Ozarks and Terex Corporation and serves as an independent trustee of Nationwide Mutual Funds. Ms. Cholmondeley received a B.A. in Accounting from Howard University and an M.S. in Accounting from the Wharton School at the University of Pennsylvania. She is also a retired CPA. Ms. Cholmondeley's qualifications to serve on the Board include her experience in operations, finance, manufacturing, and leadership of complex organizations and her familiarity with board practices of major corporations.

Ronald J. Gidwitz (age 71)

A director appointed in October 2008, Mr. Gidwitz co-founded GCG Partners, a strategic consulting and equity firm, in 1998 and has since served as a partner at that firm. Since 1974 he has served as a director of Continental Materials Corporation, a corporation that manufactures heating, ventilation, and air conditioning (HVAC) products and construction products. From 1996 to 1998, he was president and chief executive officer of the Unilever HPC Helene Curtis Business Unit. Previously, Mr. Gidwitz served as president, chief executive officer and director of Helene Curtis, a Fortune 500 consumer products company. Mr. Gidwitz received a B.A. in economics from Brown University. Mr. Gidwitz's qualifications to serve on the Board include his experience in sales, manufacturing, leadership of complex organizations, and international operations and his familiarity with board practices of major corporations.

Table of Contents

Matthew Kaplan (age 60)

President and a director since the Company's inception, Mr. Kaplan also served as chief operating officer from the Company's inception until January 2017 when he assumed the role of chief executive officer. Previously, Mr. Kaplan was a Manager of Stone-Kaplan Investments, LLC, a private investment company, from July 2004 through December 2007. He was president, chief operating officer and a director of Box USA Holdings, Inc., a corrugated box manufacturer, from July 2000 until the sale of the company in July 2004. Mr. Kaplan began his career at Stone Container Corporation in 1979 and was serving as its senior vice president and general manager of North American Operations when Stone Container Corporation merged with Jefferson Smurfit Corporation in November 1998. He was vice president/general manager of the Container Division with Smurfit-Stone Container Corporation and a director of the company until March 1999. Mr. Kaplan served on the board of directors of Victory Packaging from January 2007 until late 2011. In addition, Mr. Kaplan formerly served on the board of directors of Magnetar Spectrum Fund and Pacific Millennium Paper Group Limited. He is a director of the American Forest and Paper Association. Mr. Kaplan received a B.A. in Economics from the University of Pennsylvania and an M.B.A. from the University of Chicago. Mr. Kaplan is the son-in-law of Roger W. Stone. Mr. Kaplan's qualifications to serve on the Board include his experience in the paper industry, sales, manufacturing, capital markets, and leadership of complex organizations; his familiarity with board practices of major corporations; and his service as an executive officer.

The Board of Directors Recommends a Vote "FOR" Each Nominee Named Above.

OTHER MEMBERS OF THE BOARD OF DIRECTORS

Class C (Term Ends 2018)

Jonathan R. Furer (age 60)

A director since the Company's inception, Mr. Furer is a co-founder and has been a managing member of Arcade Partners LLC, a private equity firm, since November 2003. From January 2004 until December 2011 he was a managing director of Washington & Congress Managers, a private equity firm. Mr. Furer received a B.B.A. in international business from George Washington University. Mr. Furer's qualifications to serve on the Board include his experience in turnarounds, mergers and acquisitions, capital markets, finance and accounting.

Matthew H. Paull (age 65)

A director appointed in September 2010, Mr. Paull was senior executive vice president and chief financial officer of McDonald's Corporation, a worldwide foodservice retailer, from July 2001 until January 2008. Before joining McDonald's in 1993, Mr. Paull was a partner at Ernst & Young LLP where he managed a variety of financial practices. He has been on the board of directors of Air Products and Chemicals, Inc. since 2013, where he is chair of the Audit and Finance Committee and is a member of the Corporate Governance and Nomination Committee and Executive Committee. He has been on the board of directors of Canadian Pacific Railroad since January 2016, where he is chair of the Audit Committee and is a member of the Finance Committee. He joined the Board of Chipotle Mexican Grill, Inc., effective December 14, 2016. He previously served on the boards of Best Buy Co., Inc. (where he served as lead independent director and on Audit Committee and Finance Investment Policy Committee), and of WMS Industries, Inc. (where he served on its Audit and Ethics Committee). Mr. Paull also serves as an advisory director of Pershing Square Capital Management, L.P. Mr. Paull holds a Bachelor's degree and a Master's degree in Accounting from the University of Illinois. Mr. Paull's qualifications to serve on the Board include his significant financial acumen, knowledge of hedge funds and investments, broad experience in global operations, and extensive experience in tax matters.

Table of Contents

Maurice S. Reznik (age 63)

A director appointed in July 2014, Mr. Reznik is chief executive officer of the Women's Intimate Apparel Division in the United States and Great Britain for Delta Galil Industries, Ltd. and president of Delta Galil USA. Delta Galil USA is a segment of Delta Galil Industries, Ltd., a manufacturer and marketer of apparel products. Previously, Mr. Reznik was chief executive officer of Maidenform Brands, Inc., a global intimate apparel company, from July 2008 until April 2014. He served as a director of that company from 2008 until its sale to Hanesbrands Inc. in October 2013. He served as president of Maidenform Brands, Inc. from 2004 to 2008, and as president of the Maidenform division of Maidenform Inc. from 1998 to 2004. From 1994 to 1998, Mr. Reznik was the president of Warner's Intimate Apparel Group, a division of Warnaco, Inc. He has served on the board of directors of the Movado Group, Inc. since 2011 (where he serves on its Audit and Compensation Committees). He also serves on the boards of For the Love of Life Colon Cancer Foundation at Sloan Kettering, Dignity U Wear Foundation and Queens College. Mr. Reznik received a B.A. from Queens College. Mr. Reznik's qualifications to serve on the Board include his experience in business development, operations, finance, compliance, and risk management.

Roger W. Stone (age 82)

Chairman of the board and a director of the Company since its inception, Mr. Stone also served as chief executive officer from the Company's inception until January 2017 when he assumed the role of executive Chairman of the Board. Previously, Mr. Stone was a manager of Stone-Kaplan Investments, LLC, a private investment company, from July 2004 through December 2007. He was chairman of the Board and chief executive officer of Box USA Holdings, Inc., a corrugated box manufacturer, from July 2000 until its sale in July 2004. Mr. Stone was chairman, president and chief executive officer of Stone Container Corporation, a multinational paper company primarily producing and selling pulp, paper and packaging products, from March 1987 to November 1998, when Stone Container Corporation merged with Jefferson Smurfit Corporation, at which time he became president and chief executive officer of Smurfit-Stone Container Corporation and served in such capacity until March 1999. Mr. Stone is also chairman of Stone Tan China Holding Corporation, Stone Tan China Acquisition (Hong Kong) Co. Ltd., and Stone Tan China Finance and Investments Co. Ltd. He is a former director of Smurfit-Stone Container Corporation; Morton International, Inc.; Morton Thiokol, Inc.; Autoliv, Inc.; and McDonald's Corporation. Mr. Stone received a B.S. in Economics from the Wharton School at the University of Pennsylvania. Mr. Stone is the father-in-law of Matthew Kaplan. Mr. Stone's qualifications to serve on the Board include his experience in the paper industry, sales, manufacturing, capital markets, finance, leadership of complex organizations, and international operations; his familiarity with board practices of major corporations; and his service as an executive officer.

Table of Contents

Class A
(Term Ends 2019)

Robert J. Bahash (age 72)

A director appointed in July 2014, Mr. Bahash was president of McGraw-Hill Education from November 2010 until his retirement in June 2012. McGraw-Hill Education at that time was an operating segment of The McGraw-Hill Companies, currently known as S&P Global Inc. Prior to that time, he served as executive vice president and chief financial officer of the McGraw-Hill Companies for 22 years. He previously was a member of the board of directors for WMS Industries, Inc. (serving most recently as chair of its Audit Committee and a member of its Compensation Committee). Mr. Bahash is a member of the American Institute of Certified Public Accountants, the Financial Executives Institute, and the New Jersey Society of Certified Public Accountants. He graduated from Mount St. Mary's College (Maryland) with a B.S. in Accounting and received an M.B.A. in finance from New York University. Mr. Bahash's qualifications to serve on the Board include his experience as a chief financial officer of a major public company and his training as a certified public accountant.

David G. Gabriel (age 58)

A director appointed in May 2013, Mr. Gabriel has held the offices of president and chief executive officer of Sonepar North America, a privately owned distributor of electrical products and related solutions, from September 2009 to March 2017, at which point he became chief operating officer of Sonepar Group. From May 2003 through August 2009, Mr. Gabriel served as president and chief executive officer of Vallen (formerly known as Hagemeyer North America), a distributor of products and services relating to electrical, safety and industrial products. He previously served as senior vice president and general manager of Tenneco Automotive's North American aftermarket business until 2003. Before joining Tenneco in 1995, Mr. Gabriel spent fifteen years in various operating positions of increasing responsibility with PepsiCo, Inc. and Johnson & Johnson. He also serves on the board of directors of the Medical University of South Carolina Children's Hospital. Mr. Gabriel received a B.S. in Packaging Engineering from Michigan State University. Mr. Gabriel's qualifications to serve on the Board include his experience in sales, manufacturing, and leadership of complex organizations.

Brian R. Gamache (age 58)

A director appointed in October 2009, Mr. Gamache served as the chairman and chief executive officer of WMS Industries, Inc., a leading supplier to the gaming industry, until its merger with Scientific Games International, Inc. in 2013. He served as a member of the board of directors of WMS Industries from 2001 until 2013. Mr. Gamache continued with Scientific Games in a consulting capacity until October 2015. Mr. Gamache currently advises various private equity firms in addition to providing consulting advice to corporations. Mr. Gamache was appointed to the board of directors of Welbilt, Inc. on March 6, 2017. He received a B.S. in Business Administration from the University of Florida. Mr. Gamache's qualifications to serve on the Board include his experience in operations of complex organizations, mergers and acquisitions, manufacturing, and business processes and his familiarity with board practices of major corporations.

Table of Contents

David P. Storch (age 64)

A director appointed in October 2009, Mr. Storch has served as the chief executive officer of AAR Corp., a leading provider of diverse products and value-added services to the worldwide aviation/aerospace industry, since 1996. He has served as AAR's chairman since 2005, as president from 1989 to 2007 and again from 2015 to the present, chief operating officer from 1989 to 1996, and vice president from 1988 to 1989. He serves as chair of the Executive Committee of AAR. Mr. Storch has served on the board of directors of Kemper Corporation, a leading insurance and financial services provider formerly known as Unitrin, Inc., since May 2010. He is a member of its Compensation Committee and is chair of its Nominating and Governance Committee. He also serves on the board of the Smithsonian National Air and Space Museum. Mr. Storch has served on the boards of The Executive Club of Chicago and the Chicago Urban League. He currently is a member of the Commercial Club of Chicago and Economics Club of Chicago. He holds a B.A. from Ithaca College. Mr. Storch's qualifications to serve on the Board include his experience in sales, manufacturing, leadership of complex organizations and international operations and his familiarity with board practices of major corporations.

Table of Contents

GOVERNANCE STRUCTURE

ROLE OF THE BOARD

The Board 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 interests of stockholders;

Selecting, evaluating, and determining the compensation of the Chief Executive Officer ("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 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.

BOARD LEADERSHIP STRUCTURE

Our Bylaws require that our Chairman 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. Roger W. Stone is the Company's Chairman. Mr. Stone's biography can be found on page 10 of this Proxy Statement.

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 the Company's stockholders. Management's primary responsibilities include the day-to-day operation of the Company's business, strategic planning, budgeting, financial reporting, and risk management. Matthew Kaplan is the Company's CEO. Mr. Kaplan's biography can be found on page 8 of this Proxy Statement.

Historically, we employed a leadership structure that involved the same person serving as Chairman and CEO. We believe that this leadership structure has been effective because it promoted a close relationship between management and the Board. In 2016, we announced that the roles

Edgar Filing: KAPSTONE PAPER & PACKAGING CORP - Form DEF 14A

of Chairman and CEO would be separated, effective as of January 1, 2017, with Mr. Stone continuing to serve as Chairman and Mr. Kaplan assuming the responsibilities of CEO. The Board believes that the new leadership structure will best serve the objectives of the Board's oversight of management and the ability of the Board to carry out its roles and responsibilities on behalf of the stockholders.

Table of Contents

The Board does not have a lead independent director. However, Brian R. Gamache, one of our independent directors, is the presiding director at each executive session of the Board's independent directors. Furthermore, each of our Committees consists entirely of independent directors.

Who are the independent directors?

Our Corporate Governance Guidelines require that all directors except the CEO and Chairman 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 NYSE's definition of independence. All members of the Audit, Compensation, and Nominating and Governance Committees are required to be independent. On an annual basis the Board determines the independence of each director in accordance with the NYSE listing standards, the Corporate Governance Guidelines and the independence standards established by the Board. The Board has determined that Robert J. Bahash, John M. Chapman, Paula H.J. Cholmondeley, Jonathan R. Furer, David G. Gabriel, Brian R. Gamache, Ronald J. Gidwitz, Matthew H. Paull, Maurice S. Reznik, and David P. Storch are "independent" directors as that term is defined in the NYSE listing standards, the Corporate Governance Guidelines and the independence standards established by the Board. In making this determination with respect to Mr. Gabriel, the Board considered, among other things, that (i) he was the President and CEO of Sonepar North America in 2016 and effective as of March 1, 2017 he is the COO of Sonepar Group S.A.S., a company with which the Company engages in ordinary course business transactions, including sales of corrugated containers and purchases from Sonepar of industrial, safety, and electrical materials and (ii) that his son is employed by the Company as a sales manager.

How often did the Board meet during 2016?

Directors are expected to attend all Board meetings and meetings of the Committees on which they serve. During the year ended December 31, 2016, the Board held seven meetings. Each director serving on the Board in 2016 attended at least 85% of the total number of Board meetings held during such time as he or she was a member of the Board and at least 85% of the Board committee meetings of which he or she was a member and eligible to attend. The Board's independent directors meet in executive session, without any members of management present, at each regularly scheduled meeting of the Board. Brian R. Gamache is the presiding director at the executive sessions.

What is the Company's policy regarding director attendance at the Annual Meeting?

Members of the Board are strongly encouraged to attend the Company's Annual Meeting of Stockholders. All of the directors who were then serving on the Board attended the 2016 Annual Meeting of Stockholders.

What committees has the Board established?

The Board has established three standing committees: Audit, Compensation, and Nominating and Governance. All of the members of the Committees are independent in accordance with applicable SEC regulations, the NYSE listing standards, the Company's Corporate Governance Guidelines and the independence standards established by the

Table of Contents

Board. Committee charters are available on the Company's website at <http://governance.kapstonepaper.com>. Each Committee performs its own annual self-assessment.

	Audit	Compensation	Nominating and Governance
Robert J. Bahash	ü		
John M. Chapman	ü	ü	
Paula H.J. Cholmondeley	ü		
Jonathan R. Furer		X	ü
David G. Gabriel	ü		
Brian R. Gamache	ü		X
Ronald J. Gidwitz		ü	ü
Matthew Kaplan			
Matthew H. Paull	X		