



## **PACKAGING CORPORATION OF AMERICA (PCA)**

### ***CORPORATE GOVERNANCE GUIDELINES***

#### ***INTRODUCTION***

The Board of Directors of PCA has adopted a set of corporate governance principles (the “Guidelines”) to promote the functioning of the Board and its committees and to set forth a common set of expectations as to how the Board should perform its functions.

#### ***ROLE OF THE BOARD OF DIRECTORS***

The primary responsibility of the Board is to oversee the affairs of PCA for the benefit of PCA’s shareholders. PCA’s Chief Executive Officer and other executive officers are responsible for managing the day-to-day operations of PCA. The Board is responsible for overseeing and monitoring management’s performance of those obligations.

#### ***COMPOSITION OF THE BOARD OF DIRECTORS***

##### *Size of the Board*

The Board currently has seven members. The Board believes that this size is appropriate; however, the Board may from time to time determine that circumstances warrant a higher or lower number.

##### *Qualifications and Selection of Directors*

1. *Independence.* A majority of the Board will consist, at all times, of Independent Directors, as defined under the applicable rules of the New York Stock Exchange, Inc. (the “NYSE”) and any standards adopted by the Board from time to time. A Director will not qualify as “independent” unless the Board affirmatively determines that the Director has no material relationship with PCA (either directly or as a partner, shareholder or officer of an organization that has a relationship with PCA) and that the Director otherwise complies with the requirements for independence under applicable NYSE rules.

To assist the Board in making determinations of independence, the Nominating and Governance Committee may recommend to the Board, from time to time, and the Board may approve, standards for determining the materiality of certain types of relationships. PCA will disclose in its annual proxy statements any standards adopted by the Board.

2. *Qualifications and Selection Criteria.* The Board seeks to identify as candidates for Director, persons from various backgrounds and with a variety of life experiences with a reputation for integrity and good business judgment who have experience in highly responsible positions in professions or industries relevant to the conduct of PCA's business. In selecting new Directors, the Board takes into account the current composition of the Board and the extent to which a candidate's particular expertise and experience will complement the expertise and experience of other Directors. In nominating candidates, the Nominating and Governance Committee shall take into consideration such factors as it deems appropriate. Candidates for Directors should be free of conflicts of interest or relationships that may interfere with the performance of their duties.
3. *Selection Procedures.* The Nominating and Governance Committee is responsible for identifying and recommending to the Board candidates for Directorship. The Board is responsible for selecting such candidates.
4. *Invitation.* The invitation to join the Board should be extended by the Board itself via the Chairman of the Board and Chief Executive Officer (the "CEO") of PCA.
5. *Orientation and Continuing Education.* All new Directors will receive orientation materials within two months of the annual meeting at which new Directors are elected. This orientation will include presentations by senior management to familiarize new Directors with PCA's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Statement of Business Principles, its principal officers, and its internal and independent auditors. In addition, management will prepare additional educational sessions for Directors on matters relevant to PCA, its business plan and risk profile.
6. *Changes in Personal Circumstances.* Directors are expected to offer their resignation from the Board in the event of any significant change in personal circumstances (including a change in principal occupation), in the event a significant ongoing time commitment arises that may be inconsistent with the Directors' service to the Board or, in the case of an independent Director, in the event of a change in circumstances that would result in the Director no longer being considered independent. Such offers of resignation will give the Board, through the Nominating



and Governance Committee, an opportunity to review whether it is appropriate for such Director to continue to serve as a member of the Board.

### ***SELECTION OF CHAIRMAN OF THE BOARD & CHIEF EXECUTIVE OFFICER***

The Board is free to select its Chairman and PCA's CEO in the manner it considers in the best interests of PCA at any given point in time. These positions may be filled by one individual or by two different individuals.

### ***ELECTION TERM***

There are no term limits for service on the Board of Directors. The absence of term limits allows PCA to retain Board members who have been able to develop, over a period of time, increasing insight into PCA and its operations and, therefore, provide an increasing contribution to the Board as a whole.

### ***RETIREMENT OF THE BOARD OF DIRECTORS***

The Board has determined not to establish a mandatory retirement age. However, the Nominating and Governance Committee will, as part of its annual assessment of the composition of the Board, review the extent of a Director's tenure on the Board, and Directors should not expect that, once elected to the Board, they will necessarily be renominated thereafter.

### ***MEETINGS OF THE BOARD OF DIRECTORS***

The Board currently plans at least four meetings each year, with further meetings to occur (or action to be taken by unanimous consent) at the discretion of the Board. The meetings will usually consist of committee meetings and the Board meeting.

The Chairman of the Board sets the agenda for Board meetings. Any Director may request that an item be included on the agenda or may raise at any Board meeting subjects that were not on the agenda for that meeting. PCA will seek to provide to all Directors appropriate materials in advance of meetings, although the Board recognizes that this will not always be consistent with the timing of transactions and the operations of the business and that in certain cases it may not be possible.

The Board expects that members of PCA's senior management will regularly attend Board and committee meetings to present or explain proposals and otherwise assist in the work of the Board. Such participation may be limited or discontinued at any time at the request of the Board.



## ***EXECUTIVE SESSIONS***

Non-management Directors of the Board will meet in executive sessions, periodically, with no members of management present. The non-management Directors shall designate the Director who will preside at the executive sessions. Non-management Directors who are not independent under the NYSE rules may participate in these executive sessions, but independent Directors should meet in an executive session at least once per year.

## ***COMMITTEES OF THE BOARD***

### *Composition and Responsibilities*

The Board will have at all times an Audit Committee, a Compensation Committee and a Nominating and Governance Committee, and any other committees the Board deems appropriate. The Nominating and Governance Committee will review on an annual basis the Board's committee structure.

All of the members of these committees will be independent Directors under criteria for independence required by law and the NYSE. The members and Chair of each of the committees will be appointed by the Board, taking into account the recommendations of the Nominating and Governance Committee (except that the members and the Chair of the Nominating and Governance Committee itself will be appointed by the Board, taking into account the recommendations of the independent Directors).

### *Charters*

The Board has adopted written charters setting forth the purposes, goals and responsibilities of each of the Audit Committee, the Compensation Committee and the Nominating and Governance Committee, and will adopt such charters for any other committees the Board deems appropriate. Each such committee shall assess the adequacy of its charter annually and recommend any changes to the Board.

The current charters of the Board's existing committees are available on PCA's website at [www.packagingcorp.com](http://www.packagingcorp.com).



## ***MANAGEMENT SUCCESSION***

At least annually, the Board shall review and concur in a succession plan, developed by the CEO, addressing the policies and principles for selecting a successor to the CEO, both in an emergency situation and in the ordinary course of business. The succession plan should include an assessment of the experience, performance, skills and planned career paths for possible successors to the CEO.

## ***EXECUTIVE COMPENSATION***

The Compensation Committee evaluates the performance of the CEO and PCA against PCA's goals and objectives, and determines the compensation level of the CEO.

The Board, acting through the Compensation Committee, also evaluates and approves the proposals for overall compensation policies applicable to executive officers.

## ***BOARD COMPENSATION***

Director compensation is set by the Board. The Compensation Committee annually reviews the amount and components of Director and committee member compensation and makes recommendations to the Board when it concludes that changes are needed. The Board seeks to compensate Directors at a level comparable to other similarly situated companies in order to ensure that PCA is able to attract and retain Directors of an appropriate caliber. The Board believes that Director compensation should consist of a combination of cash, PCA common stock, and stock options so that a portion of the value of Director compensation is directly tied to PCA's performance.

## ***EXPECTATIONS FOR DIRECTORS***

The business and affairs of PCA shall be managed by or under the direction of the Board in accordance with Delaware law. In performing their duties, the primary responsibility of the Directors is to exercise their business judgment in the best interests of PCA. The Board has developed a number of specific expectations of Directors to promote the discharge of this responsibility and the efficient conduct of the Board's business.

### ***Commitment and Attendance***

Directors should make every effort to attend meetings of the Board and meetings of the committees of which they are members. Members may attend by telephone to mitigate conflicts.



### *Participation in Meetings*

Each Director should be sufficiently familiar with the business of PCA to facilitate active and effective participation in the deliberations of the Board and of each committee on which they serve. Directors should review the materials provided by management and advisors in advance of the meetings of the Board and its committees.

### *Ethics*

PCA has adopted a Statement of Business Principles for all PCA employees, as well as a separate code of ethics for Executive Officers and those primarily involved in the financial reporting process, and a Code of Ethics for Directors. Certain portions of these codes deal with transactions in the securities of PCA, potential conflicts of interest, the taking of corporate opportunities for personal use, and competing with PCA. Directors should be familiar with the code provisions in these areas and should consult with PCA's counsel in the event of any issues.

### *Other Directorships*

PCA values the experience Directors bring from other boards on which they serve, but recognizes that those boards may also present demands on a Director's time and availability and may present conflicts or legal issues. The Nominating and Governance Committee will take into account the competing demands on a person's time, including the demands of membership on other boards, in deciding whether or not to recommend to the Board such person's nomination or renomination as a Director.

### *Contact with Management*

All Directors are invited to contact the CEO at any time to discuss any aspect of PCA's business. Directors also have complete access to other members of management. The Board expects that there will be frequent opportunities for Directors to meet with the CEO and other members of management in Board and committee meetings and in formal or informal settings.

## ***EVALUATING BOARD PERFORMANCE***

The Nominating and Governance Committee will exercise oversight in leading the Board and each committee of the Board through an annual performance self-evaluation to assess their effectiveness and on-going compliance with those principles and committee charters. Based on these reviews and for cause or other appropriate reasons, the Nominating and Governance Committee may recommend removal of individual Board members from committees or from the



Board. The Nominating and Governance Committee will discuss the results of the self-evaluation with the full Board.

***RELIANCE ON MANAGEMENT AND OUTSIDE ADVICE***

In performing its functions, the Board is entitled to rely on the advice, reports and opinions of management, counsel, accountants, auditors and other expert advisors. The Board shall have the authority to retain and approve the fees and retention terms of its outside advisors.