



**Annual Business
Meeting**
May 19-22, 2015





Respect is earned.
Honesty is appreciated.
Trust is gained.
Loyalty is returned

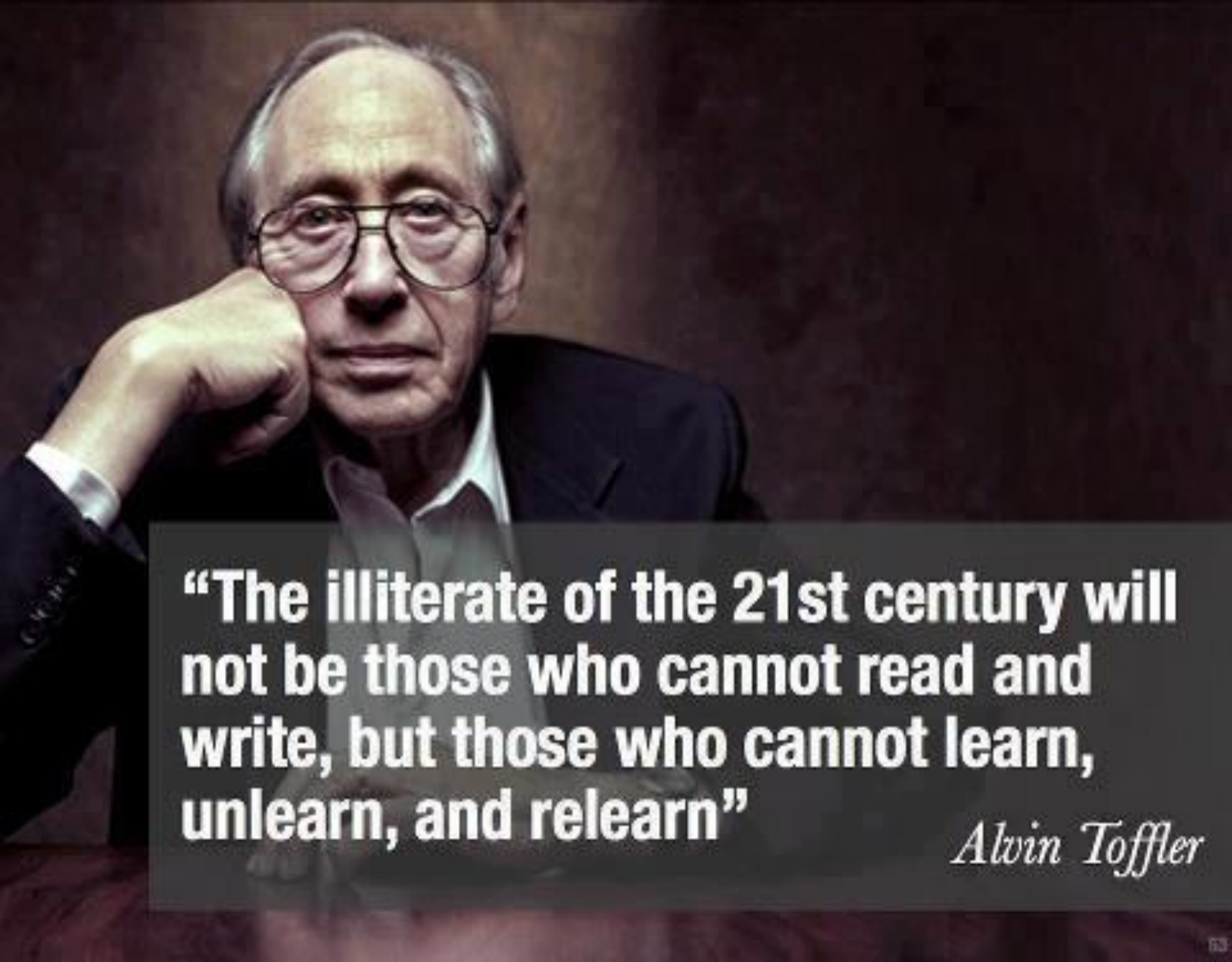
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**Digital &
eCommerce**
Scott Postma

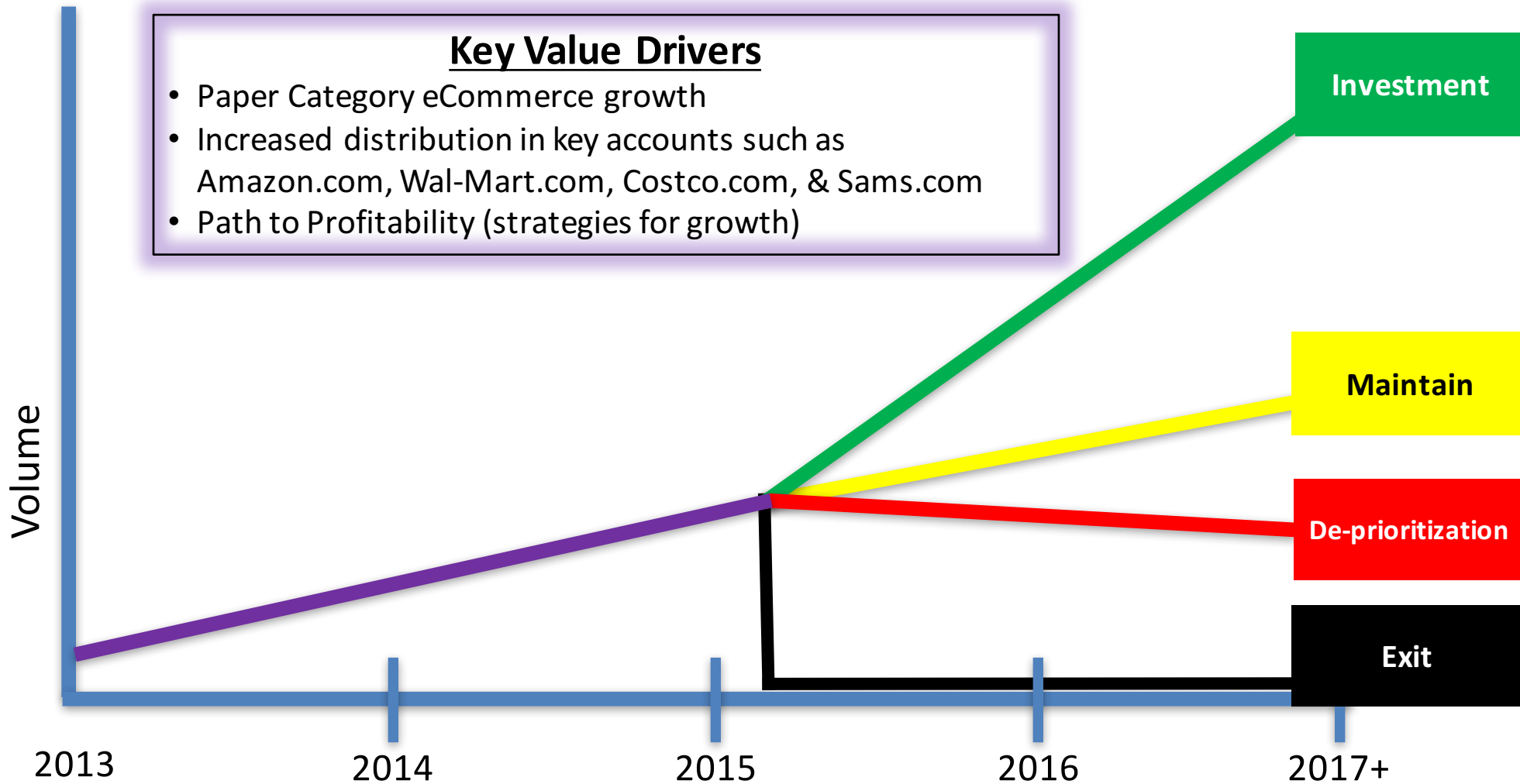




“The illiterate of the 21st century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn”

Alvin Toffler

eCommerce Range of Outcomes



Communication Papers – Structure Change

The Response...



eCommerce is a strategic growth engine for all of our major retailers. In order for GP to maintain or grow our share of these retailers we need to:

- Focus on improving our eCommerce capabilities
- Partner with strategic customers to add value to their eCommerce initiatives.

To accomplish this, we need to invest and reallocate resources into building these capabilities and best practices. Establishing a position whose primary responsibility is to optimize our eCommerce strategy and execution is the most efficient and effective way to get this done.

-Doug Gresenz



Communication Papers – Structure Change

The Announcement...



Tamika's role will now encompass the following:

- Central point, contact, and support for all of our eCommerce customers.
- Central point, contact, and support for all of our digital execution.
- Integral in the development of our eCommerce strategy and tactical planning.
- Central point, contact, and support for all of our eCommerce connectivity within GP across GP Retail and GP Professional.
- Help support and coordinate our sales initiatives with customers like Costco.com, Sams.com, Walmart.com, retailer's dotcom sites, and other new customers in development phase.
- Comprehensive responsibility for Amazon including sales, channel marketing, etc.
- Key eCommerce contact for Essendant (previously United Stationers).
Essendant is a key fulfillment and relationship partner with many of our current eCommerce customers.
- Work with sales directors to drive deeper connectivity with Essendant and jointly work on profitable growth opportunities for both companies.





Channel Responsibility Changes

- **Tamika McCoggle** – eCommerce, Retail (Costco & Azerty), Commercial (J. Harding's Accts)
- **Taylor Bandzul** – Rolls & Commercial (B. Lombardo, B. Claire, F. Walton, B. Lewis accts)
- **Sam Atchison** – All Retail (Excluding Costco & eCommerce – T. Fechalos & P. Halls accts)

Sales Responsibility Changes

- **Tamika McCoggle** – Amazon.com

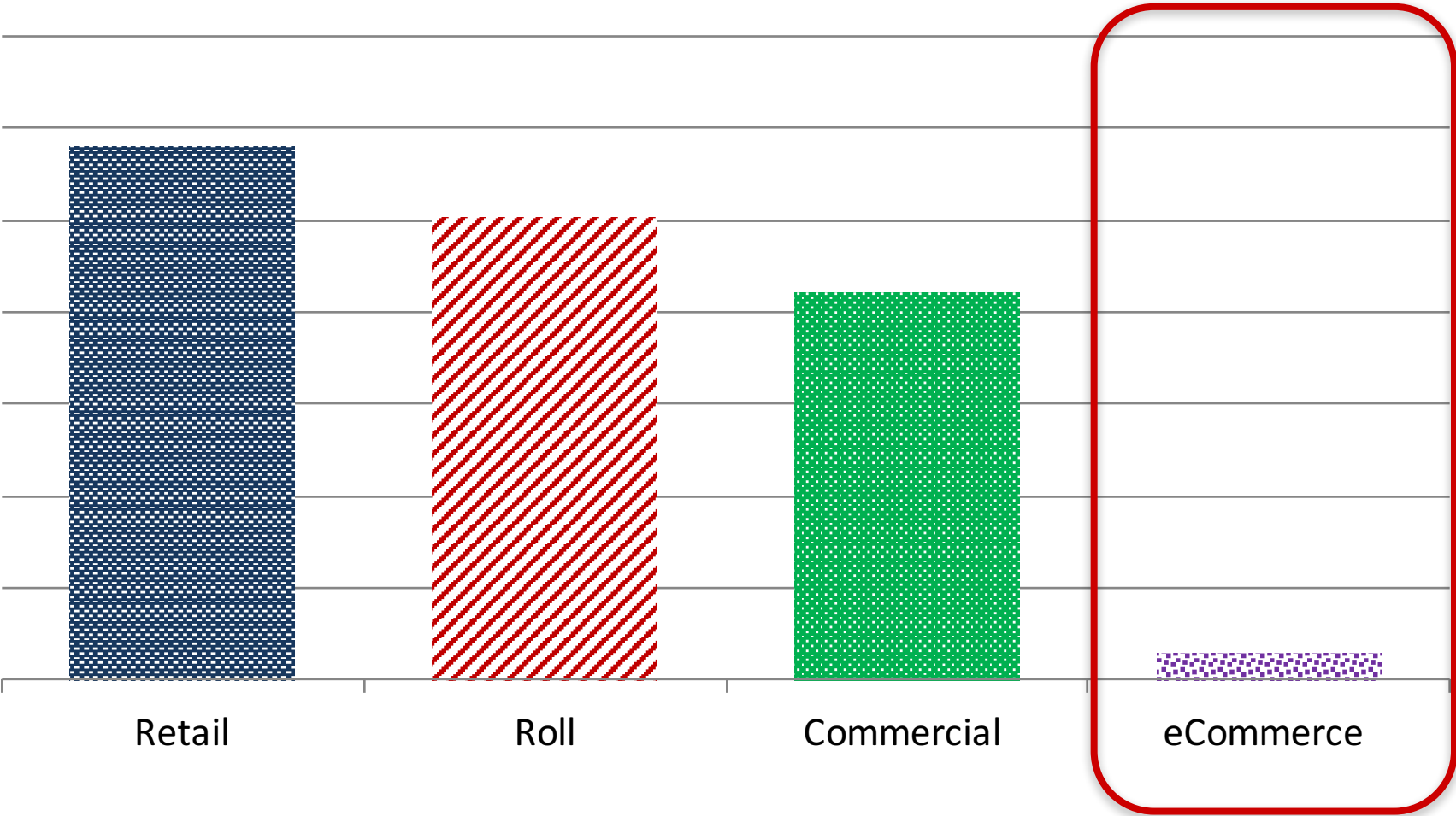
Digital Marketing Responsibility Changes

- **Tamika McCoggle & Taylor Bandzul** share responsibility for Communication Papers Digital Marketing
 - **Tamika McCoggle** – Customer Digital Marketing
 - **Taylor Bandzul** – Brand/Category Digital Marketing



Business Channels

Now includes an eCommerce breakout





- Discovery:** Competitive Environment, Customer & Consumer Needs, Industry Trends/Gaps/Opportunities, Cross-division & Cross-functional Knowledge Share & Collaboration
- Define:** Communication Papers eCommerce Vision & Strategy
- Develop:** Communication Papers Segmentation & Prioritization Plans, Customer Strategies, Investment & Activation Plans



eCommerce Direction / Update





Aisle “D”

Landscape

Path Forward





1. **eCommerce** is a core enabler of omnichannel strategies
2. **eBusiness** leaders are facing enormous pressure to deliver in an emerging and evolving space
3. Implementing the **right** eCommerce **technology** is a critical success factor
4. eCommerce (Mobile) is **not** only **showrooming** anymore!
 - The proliferation of smartphones and tablets
 - New location-based merchandising techniques
 - New world of retail shopping apps
 - “Lean-back” tablet shopping

The right eCommerce solution can:

- fuel explosive growth
- open up new business opportunities
- inspire customer loyalty
- drive new levels of customer satisfaction & engagement

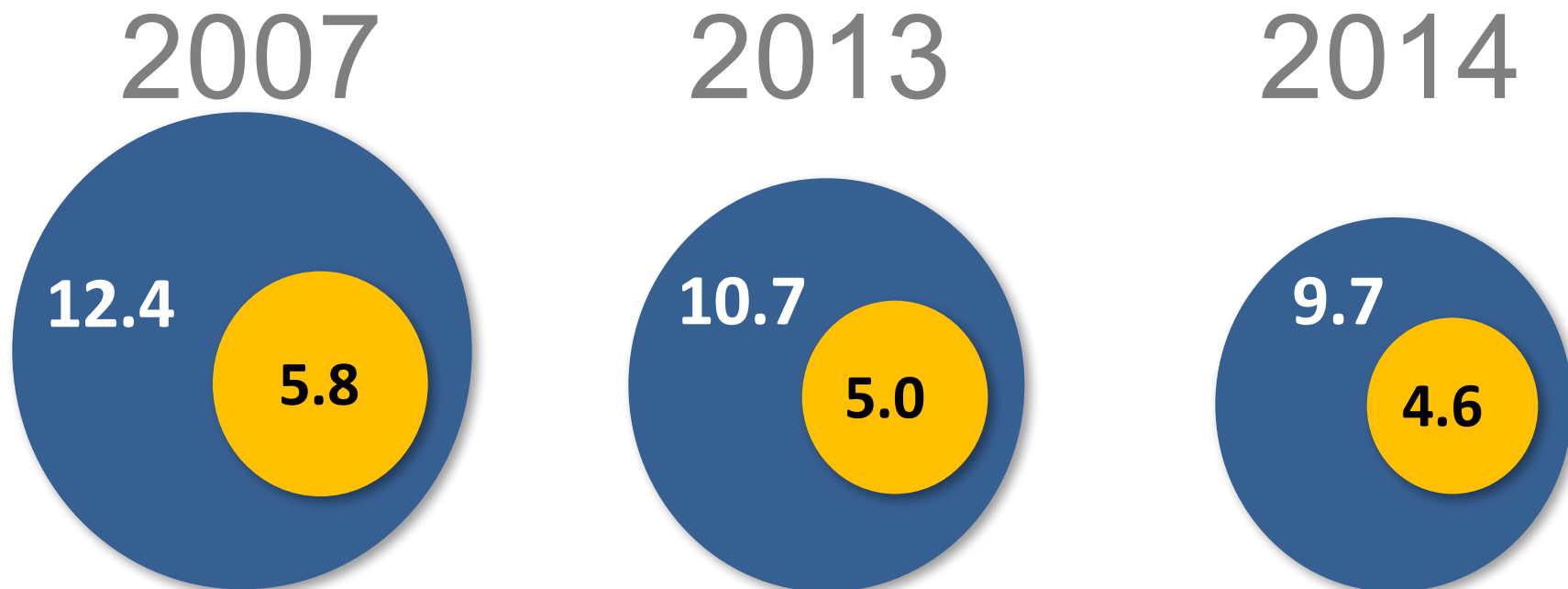


Why the change? Retailer Rationalization Hits at Core

Fewer than five retailers shopped on a consistent, regular basis



Average Number of Retailers in Shoppers' Retailer Portfolio: Total vs. Core



● **BLUE:** Total Retailer Portfolio; all retailers shopped in any given month

● **YELLOW:** Core Retailer Portfolio; retailers shopped every month, at least once a month, on an ongoing basis

*Shoppers will be engaged both in and out of the store, and **messaging consistency** will be critical.*



Customer Landscape



Pure Click



Industry

- Services becoming a comparative advantage
- Amazon model enhancing convenience
- Price not the only focus for shoppers

Georgia-Pacific

- Direct logistical experience
- Unique offerings
- Strong GP presence at Amazon
- *Biggest challenge:* Volume growth of core 10 ream case

Brick & Click



Commercial
Foodservice
Other

???

Industry

- Working to replicate Amazon model
- Competition intensifying
- Not just a price driven venture

Georgia-Pacific

- Strong shelf position enabling online
- Driving online to store experience
- *Biggest challenge:* retailer.com requirements for fulfillment



2014 On-line
Retail – USA
Sales
\$154B

On-line Retail–
USA Sales
+16.2% vs PY

Total Kantar
Retail–USA
Sales
+3.5% vs PY

On-line Retail
Sales are
outpacing Total
Kantar Retail
Sales (USA)

Top 5 Retailers

Retailer	2014E Sales USD	% Change '13–'14E
Amazon.com	54.99	↑ 25.1%
Apple	11.59	↑ 10.3%
Walmart	8.67	↑ 14.3%
QVC	5.97	↑ 3.6%
Macy's	4.08	↑ 18.3%

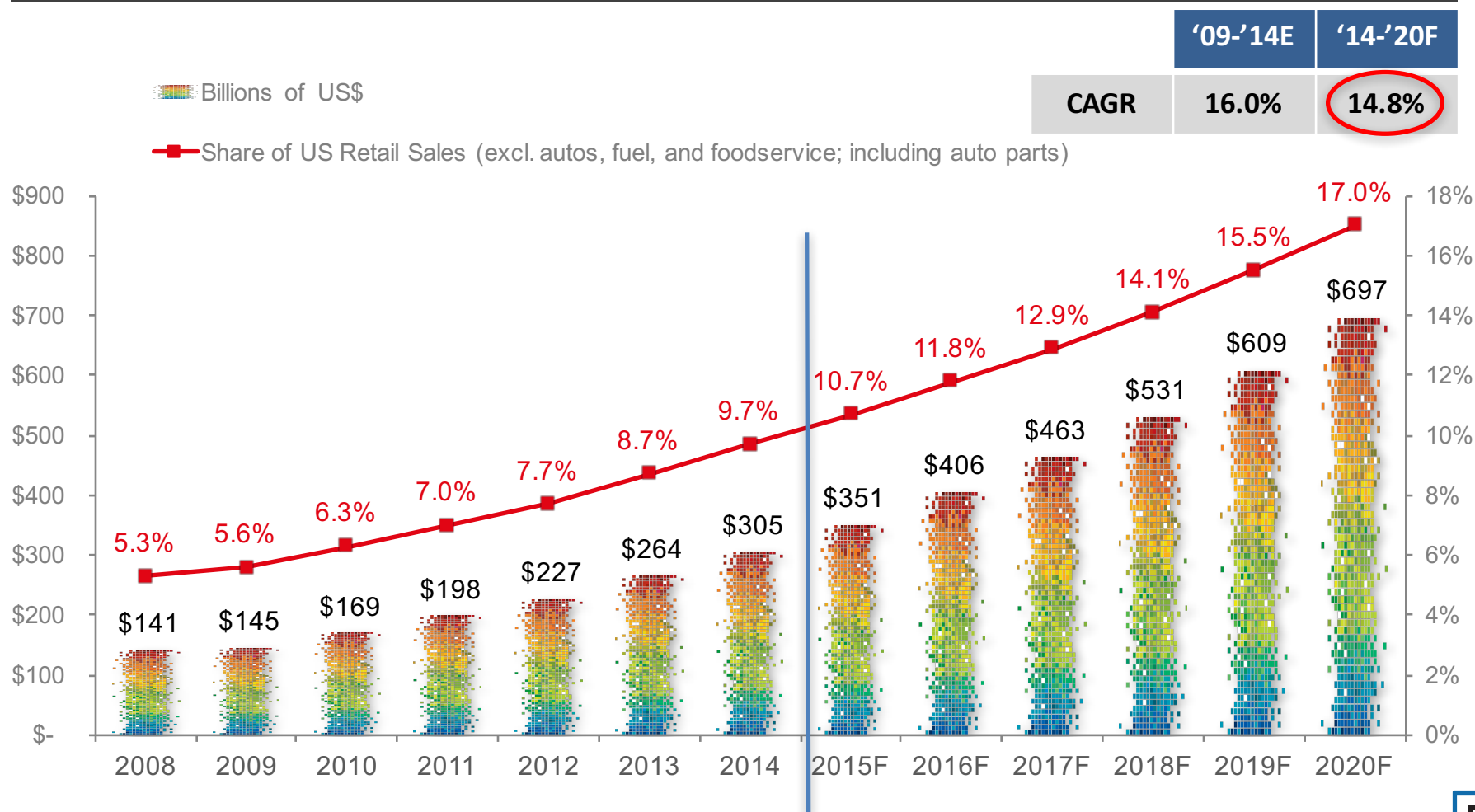
*Kantar Retail captures 53.3% of the USA's formal retail sales

Annual eCommerce Growth Remains Robust

~\$1 of every \$10 spent at retail, with strong double-digit growth



US: Annual b2c eCommerce Retail Sales* (Billions of Dollars and Shares)



*eCommerce sales include some nonmerchandise sales as well as vending and direct selling sales

Source: U.S. Department of Commerce, Kantar Retail analysis



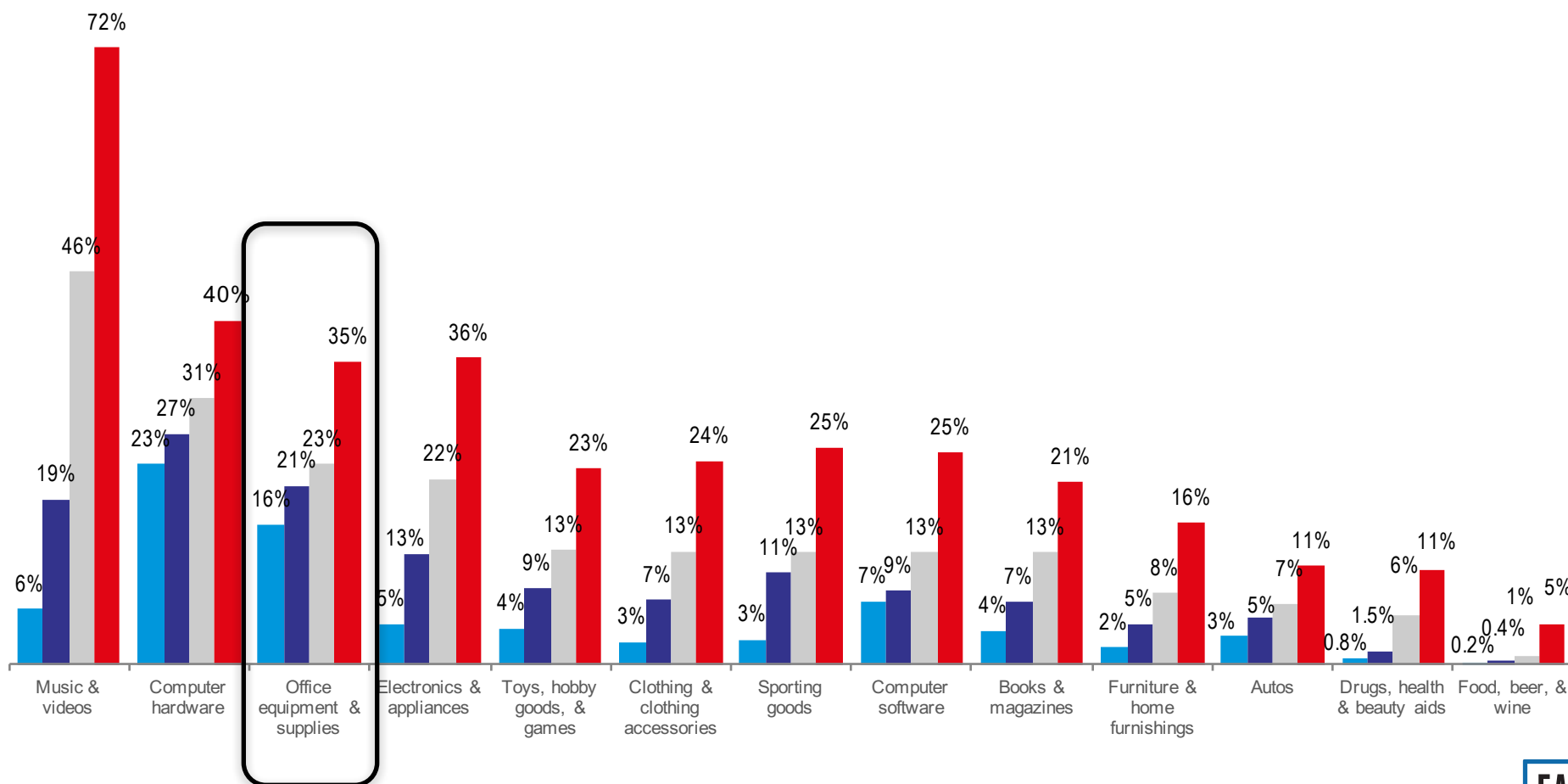
Online Share by Category Detail: 2004 – 2020F

Share of total category sales online



Online Share of Category

■ 2004 ■ 2009 ■ 2014E ■ 2020F



Source: U.S. Department of Commerce, Kantar Retail analysis



Shopper Demographic Changes



90%

The percentage of procurement buyers between the ages of 18 and 35 in the United States who make B2B purchases online

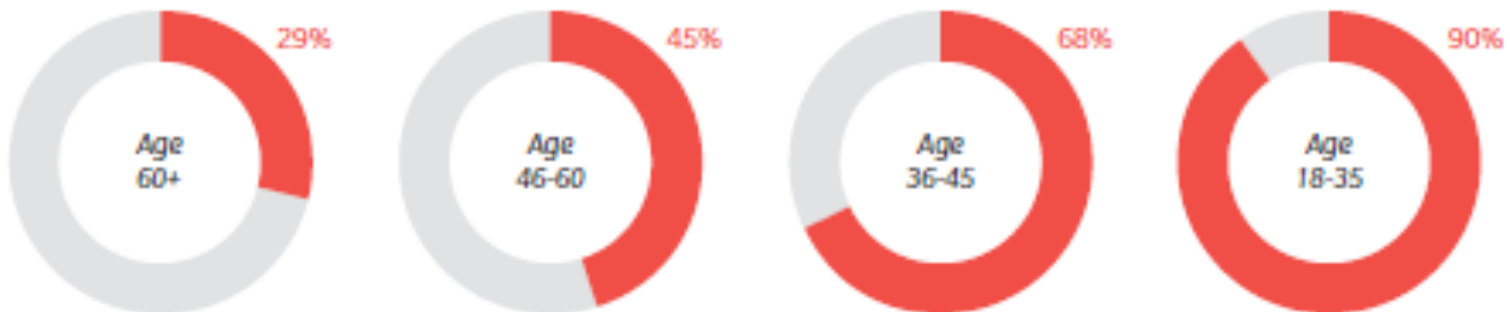


45%

The percentage of procurement buyers between the ages of 46 and 60 in the United States who make B2B purchases online

EXHIBIT 1: YOUNGER PROCUREMENT BUYERS – THE FUTURE OF THE B2B CUSTOMER BASE – ARE FAR MORE LIKELY TO USE ONLINE PLATFORMS THAN THEIR OLDER COUNTERPARTS

RESPONDENTS BY AGE MAKING B2B PURCHASES ONLINE



Source: The Acuity Group 2013 State of B2B Procurement Study





Recommendations for: eCommerce evolution:

- 1 MUST PLAN FOR THE FUTURE STATE – FIVE YEARS OUTLOOK:** Proactive versus reactive plans
- 2 DEFINE CLEAR PATH FORWARD/KEYS TO WIN CUSTOMERS:** Position GP as the expert
- 3 INTEL & INSIGHTS - CUSTOMERS & COMPETITORS:** Be an asset to our Customers/ahead of competitors
- 4 PLANNING & EXECUTION TO IMPROVE CONSUMERS RETENTION:** Focus on information & services that we can deliver in a better way to core consumers to save them time or make them more productive.
- 5 OFFENSIVE APPROACH:** Find opportunities and score
- 6 START THINKING “MOBILE”:** Mobile commerce is forecasted to quadruple over the next five years. Delivering simple, relevant, highly personalized information, services, and ordering capabilities to customers while they are going about their business will be a competitive game changer.





“If change seems painful,
try being irrelevant.”





Risk Assessment & Management

Scott Postma



Risk Assessment:

Effective risk assessment is increasingly important to the success of any business.



WHY

- Historically, businesses have viewed risk as a necessary evil
 - ✓ *Minimize or Mitigate*
 - ✓ *Requires significant resources*
 - ✓ *Transparency not always present (protect livelihood)*
- Provides a mechanism for identifying which risks represent opportunities and which represent potential pitfalls
 - ✓ *Done right, gives us a clear view of variables (internal and external)*
 - ✓ *Anchored in our defined risk appetite/tolerance*
 - ✓ *Provides a basis for determining responses*
- Empowers us to better:
 - ✓ *Identify*
 - ✓ *Evaluate*
 - ✓ *Implement controls / compliance*
- Should begin/end with specific business objectives anchored in key value drivers
 - ✓ *Measure impact and probability of risk*
 - ✓ *Know leading indicators to help anticipate possible risks before they materialize*
 - ✓ *Periodically refresh to stay ahead of the curve*



WHAT

What is Risk?

“...the possibility that an event will occur and adversely affect the achievement of objectives”

**Effective
Risk assessment & Management
is increasingly important
to the success of
any business**



Risk Assessment:

What are some examples of the risks and risk drivers for us this year?



WHAT

1. Economy slowdown
2. Overall Industry decline
3. Impact of imports
4. Significant customer changes:
 - Retail: Buyer changes (CVS) & change in buyer & DMM (Walmart)
 - Commercial: Xpedx / Unisource merger to Veritiv
 - OSS: Merger of Office Depot & OfficeMax & Staples/Depot import strategy
5. Changes in approach from other manufacturers
6. Change in Xerox sourcing
7. Change in costs...UPS/FedEx, Supply Chain, etc.
8. Commercial: crowded dealer landscape
9. Roll: carbonless capacity moving to UFS (cut size & laser bond)
10. Other external: currency moves (Canada / Euro)
11. Other internal: Port Hudson inconsistency of supply



Risk Assessment: What we identified as risks to our business

Groups of Risk can ease the Mitigation plan process



WHO

	Risks	Mitigation	PPR
Retail Customers	<ul style="list-style-type: none"> • Competition going direct / getting aggressive in the retail channel • Imports • Market share declines • Industry declines • Store closings • Internal usage bids – no continuity • eCommerce influence – packaging not conducive to channel • Xerox agreement – opens door for Domtar into club 	<ul style="list-style-type: none"> • Leverage programs • Increase promotional plan • Customer wiring / JBP process engagement • Improved service • Made in the USA campaign • Leverage 3rd party (United, etc.) • Insights driven selling • Packaging / Supply Chain alternatives 	<ul style="list-style-type: none"> • 1 • 2 • 3 • 4 • 5 • 6 • 7 • 8
Commercial Customers	<ul style="list-style-type: none"> • Imports • Lack of breadth and scale = secondary position • TSB heavy influence on time/business • Low margins • “Excitement” of Jan/San = less focus on paper • Basics of Blocking and Tackling = customer dissatisfaction • Pull back on Co-Mingle® due to internal issues 	<ul style="list-style-type: none"> • Reduce manufacturing cost = low cost provider • Leverage Co-Mingle®, Rebates, White Box pricing • GP Bundle (co-promote & programs) • New ideas to stimulate our business) • Customer wiring & JBP process • Leverage GP Pro • Step up promotional campaigns & trade shows 	<ul style="list-style-type: none"> • 1 • 2 • 3 • 4 • 5 • 6 • 7 • 8
Customer Solutions	<ul style="list-style-type: none"> • Mill outages • Inventory builds • Resource imbalance (i.e. OPD) • Consignment customers • Maintain our Roll customers – now intolerable of our issues • Tenure of employees • Talent retention 	<ul style="list-style-type: none"> • Move outages to later in the year • Purchase WIP for inventory pre-build • Continue and upgrade training process • Supplement our roll inventory w/outside buy • Full time floater for backfill • Provide stretch assignments, work from home, upgrade talent with change out 	<ul style="list-style-type: none"> • 1 • 2 • 3 • 4 • 5 • 6 • 7
Other	<ul style="list-style-type: none"> • Customer consolidation (Staples/Office Depot = new) • Long-term outages in the mills (over the anticipated worst case) 	<ul style="list-style-type: none"> • Lock up relationships at Staples, take a run at selling out our mill capacity to Staples. • Align on the potential impact of anti-dumping • Build plans for reaction for LT constraints 	<ul style="list-style-type: none"> • 1 • 2 • 3 • 4



Risk Assessment: Key Steps to Mitigate/Reduce Risk

Prioritized list for breakout discussion @ Q4 Sales Meeting in Atlanta



WHAT

1. Repeated manufacturing disruptions causing GP to be a long-term unreliable supplier
 - *Long-term outages in the mills (over anticipated worst case)*
2. **Continued loss of share to Imports (direct & indirect)**
3. **Customer consolidation**
 - *Staples/Office Depot*
 - *Other customer consolidation (i.e. Veritiv, Safeway/Super Valu/Albertsons)*
4. **Competition going direct / getting aggressive in the retail channel**
 - *Xerox agreement – opens door for Domtar into club*
 - *Domtar incontinence/paper approach = retail access*
5. Lack of breadth and scale = secondary or tertiary position
6. Pull back by GP Pro on Co-Mingle® due to internal service issues
7. Alignment of One GP strategy with GP Pro senior leadership (Comm. Papers Value Prop)
8. “Excitement” & better margins of Jan/San = less focus on paper by our distributors
9. Impact of Store closings
10. **eCommerce – Is GP positioned to take advantage of growth potential?**
11. Internal usage bids – no continuity
12. Basics of Blocking and Tackling = customer dissatisfaction in Commercial channel
13. Anti-dumping – is there downside risk if duties are applied?
14. Heavy influence Low margins of TSB by our customers. Time/resource opportunity cost

Has anything changed to cause a higher priority than what we covered?





WHAT

Commercial:

1. Continued loss of share to IMPORTS
2. Customer Consolidation: Staples/Office Depot/OfficeMax

Retail:

1. Continued loss of share to IMPORTS
2. Competition going direct / getting more aggressive in Market
3. eCommerce: is GP positioned to take advantage of growth potential?

What did we learn so far?

1. Solid understanding of the imports impact on our business (times are changing)
2. GP Value proposition vs. imports
3. Mitigation steps to use in market and with customers (deeper discussion today)
4. Leverage wiring everywhere! Across multiple functions in GP and customer
5. We need an investment discussion on our vision and next steps
6. Who do we want to be in the commercial space? TSB, Own the Midwest, etc.
7. Need to leverage GP Pro (One GP) = not very easy to coordinate!
8. Customer consolidation is creating new opportunities AND issues!



Risk Assessment: What we identified as risk mitigation steps to our business

WHO



	Risks	Mitigation	PPR
Retail Customers	<ul style="list-style-type: none"> Continued loss of share to Imports Customer Consolidation: Staples/Office Depot/OfficeMax 	<ol style="list-style-type: none"> Leverage GP Value Proposition (Imports Value Prop is limited): T Chart Prioritize customers Understand and leverage against competitive landscape Customer wiring / JBP process engagement Leverage co-promotion w/GP Retail Made in the USA campaign Drive eCommerce: leverage 3rd party (United) Non-GP partnership development Loyalty programs/promotion strategy Distribution options Vision / Investment strategy for eCommerce and 3PL strategy 	<ol style="list-style-type: none"> Name(s) Name(s) Name(s) Name(s) Name(s) Name(s) Name(s) Name(s) Name(s) Name(s) Name(s)
Commercial Customers	<ul style="list-style-type: none"> Continued loss of share to IMPORTS Competition going direct / getting more aggressive in Mkt. eCommerce: is GP positioned to take advantage of growth potential? 	<ol style="list-style-type: none"> Leverage GP versus import lead times of 3 months Leverage messaging through social media & GP Corp Mktg: Why buy US? Industry story Develop Sustainability story: Import/domestic, push/pull Match price! High bright Own a region of US Leverage GP Pro: One GP Lobby Gov't to buy US (Schools (NEA) & large School Boards throughout the US) 	<ol style="list-style-type: none"> Name(s) Name(s) Name(s) Name(s) Name(s) Name(s) Name(s) Name(s)
Other	<ul style="list-style-type: none"> Long-term outages in the mills (over the anticipated worst case) 	<ol style="list-style-type: none"> Lock up relationships at Staples, take a run at selling out our mill capacity to Staples. Build plans for reaction for LT constraints 	<ol style="list-style-type: none"> Name(s) Name(s) Name(s)



Risk Management: Customer Wiring is key to managing risk

2015 Customer Wiring

Location & Business Name	Phone	Address		Functions Staffed at this Location	Other Information	
Corporate Headquarters	478-277-XXXX	, Bentonville, AR XXXXXX		Merchandising, Marketing, Replenishment, Buying and Operations		
Corporate Merchandising & Buying	478-277-XXXX	, Bentonville, AR XXXXXX		Merchandising, Marketing, Replenishment, Buying and Operations		
Scott Light - CEO, etc.						
Customer Contact	Title	Phone #	Email Address	Annual # of Engagements	Date(s) of Engagement(s)	Meeting Type
	President, Walmart					
	EVP, Walmart					
	SVP, Merchandising, Walmart					
Bill Tracey / Doug Gresenz - Senior Leadership						
Customer Contact	Title	Phone #	Email Address	Annual # of Engagements	Date(s) of Engagement(s)	Meeting

HOW

2015 Customer Wiring

Location & Business Name	Phone	Address		Functions Staffed at this Location	Other Information	
Corporate Headquarters	478-277-XXXX	Bentonville, AR XXXXX		Merchandising, Marketing, Replenishment, Buying and Operations		
Corporate Merchandising & Buying	478-277-XXXX	Bentonville, AR XXXXX		Merchandising, Marketing, Replenishment, Buying and Operations		
Scott Light - CEO, etc.						
Customer Contact	Title	Phone #	Email Address	Annual # of Engagements	Date(s) of Engagement(s)	Meeting Type
	President, Walmart					
	EVP, Walmart					
	SVP, Merchandising, Walmart					
Bill Tracey / Doug Gresenz - Senior Leadership						
Customer Contact	Title	Phone #	Email Address	Annual # of Engagements	Date(s) of Engagement(s)	Meeting Type
Sean Van Uum - Supply Chain						
Customer Contact	Title	Phone #	Email Address	Annual # of Engagements	Date(s) of Engagement(s)	Meeting Type
Other Supply Chain						

Customer Contact	Title	Phone #	Email Address	Annual # of Engagements	Date(s) of Engagement(s)	Meeting Type
Doug Gresenz - Sales Leadership						
Customer Contact	Title	Phone #	Email Address	Annual # of Engagements	Date(s) of Engagement(s)	Meeting Type
Tim Fechalos - Category Director, Buyer(s), etc.						
Customer Contact	Title	Phone #	Email Address	Annual # of Engagements	Date(s) of Engagement(s)	Meeting Type
	EVP, Walmart					
	SVP, Merchandising					
	DM / VP					
	Divisional General Counsel					
	Divisional Director					



Risk Assessment/Management: What now?

Breakout groups – our 3rd step in the process!



HOW

- Divide into groups by channel (Retail & Commercial) ✓
- Discuss the Risks submitted for discussion ✓
 - ✓ *Are they still correct?*
 - ✓ *Are there additional Risks that need to be added?*
- Prioritize the risks into most important to least important ✓
 - ✓ *Overall affect on achieving our business goals*
 - ✓ *Overall volume implications*
 - ✓ *Ability to mitigate risk*
 - ✓ *Resources available?*
- Define PPRs for each Risk and plan how the Mitigation process will begin and flow
- Once complete, look at the Mitigation Steps
 - ✓ *Are they doable? Justifiable?*
 - ✓ *Is there a cost involved? Is it cost prohibitive? Why?*
 - ✓ *What would the timeline be to complete?*
 - ✓ *What does each step look like? Dig deeper to provide more context on the Mitigation steps*
 - ✓ *Is there a ST gain/loss or is it a LT process?*
- **Next steps – today's breakouts...**
 - ✓ *Ownership of the Risk Mitigation/Management plans will be assigned with accountability*
 - ✓ *Development of specific objectives **by customer** to define the scope of the risk assessment*
 - ✓ *Development of a portfolio view of the risks to support our decisions to address risks – TBD later*
 - ✓ *Overall prioritization the organization's most significant risks based on impact and probability*
 - ✓ *Forward-looking assessment (leading indicators/predictive) for how other factors could influence change in the risks*



Risk Management: Key Steps to Mitigate/Reduce Risk

Prioritized list for breakout discussion



HOW

Map

Planning

- Integrate risk in strategic plans
- Set risk “appetite” and ensure it is consistent with strategies
- Allocate resources to business units/risk activities
- Set business and individual performance goals (PPRs)

Mitigate

Execution

- Manage key risk indicators related to meeting GP goals and targets
- Establish division-wide risk management policy standards and controls, including limits
- Facilitate consistent risk measures and aggregation
- Activate mitigation plans

Monitor

Evaluation

- Aggregate and evaluate division risk/performance data
- Report key risks and risk responses to team
- Evaluate risk management infrastructure
- Drive for consistent improvement year over year or eliminate as a risk if change occurred
- Validate/refine strategy if necessary



Risk Management: Breakout Session

Where do we go from here?



NEXT

Breakout:

1. Prioritize the customers to discuss
2. Recap the risks previously discussed
3. List the challenges that would prevent GP from successful execution of our mitigation solutions such as:
 1. *Inability to wire with customer at senior levels*
 2. *Unrealistic demands on our business causing potential loss of volume*
 3. *Change in go-to-market strategy*
 4. *Customer consolidation creating a more complex customer interaction*
 5. *Reduced product availability / service levels affecting growth opportunity*
4. List risk mitigation strategies for each challenge with PPRs
5. Once complete, look at the Mitigation Steps
 - *Are they doable? Justifiable?*
 - *Is there a cost involved? Is it cost prohibitive? Why?*
 - *What would the timeline be to complete?*
 - *What does each step look like? Dig deeper to provide more context on the Mitigation steps*
 - *Is there a ST gain/loss or is it a LT process?*

Map

Planning

Mitigate

Execution

Monitor

Evaluation

Other considerations / thought starters

1. Don't skip obvious risks even if you don't have a way to mitigate the risk
2. Think of a way(s) you could mitigate every risk
3. Don't list unrelated risks, just ones that matter



Risk Management: Bringing it all together

Where do we go from here?



NEXT

Bringing it all together! (back at the office)

- Bring risk “ratings” together
- Develop a portfolio view to identify interdependencies and interconnections and the effect of risk responses on multiple risks.
- Determine any actions necessary to revise risk responses
- Confirm our Action Plans and ensure assigned PPRs have the capacity, capability and authority to effect change
- Specify milestones and timelines that are documented and tracked for completion.
- Translate into reduced risk exposures on the GP Comm. Papers’ risk map.



ON-GOING

As risk managers, we must remain aware of some of the more unpleasant paths that might lie ahead and prepare our businesses accordingly



QUESTIONS?

