





Look to





2012 Corporate Social Responsibility Report

Clearwater Paper At-a-Glance

Mission

Clearwater Paper creates quality products and innovative solutions, enabling customers to achieve sustainable success.

Vision

Indispensable to our customers
Sustainable to the world
Responsible to our employees and communities
Value creators for investors
Make a difference!

Values

Quality, Customer Focused, Integrity, Environmental Responsibility, Openness and Candor

Headquarters

601 West Riverside Avenue Suite 1100 Spokane, WA 99201 Phone: 509.344.5900 www.clearwaterpaper.com

Facilities

Cypress Bend, East Hartford, Elwood, Ladysmith, Las Vegas, Lewiston, Long Island, Menominee, Natural Dam, Neenah, Oklahoma City, St. Catharines, Shelby, Thomaston, Wiggins

Annual Sales

\$1.9 billion*

Number of Employees

3.800*

Annual Companywide Payroll

\$231 million*

^{*} Statistics are approximate and may change from year to year.

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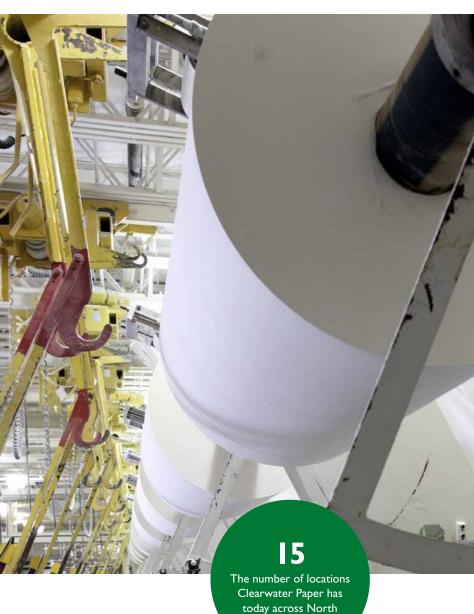
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A new vision. A century of perspective.

We are a four-year-old company with more than 100 years of experience.



With 15 manufacturing locations in the U.S. and Canada and our headquarters at Spokane, Washington, we are a leader in the making of paper products that help companies build brands. With four major sustainability goals integrated in our strategic plan, we want to be an industry leader in sustainability as well.



America.

We Are Clearwater Paper

Sustainability has been part of our DNA for more than a century. From major initiatives like sourcing fiber from Forest Stewardship Council-certified forests to less-visible practices like our employee safety program, we have long demonstrated a commitment to doing business in a way that is good for people, good for the environment and good for the future of our company. As our company grows, we are setting new goals and challenging ourselves to do more to ensure our company's sustainability. To help guide our work and track our progress, we are focusing on several key metrics related to our water use, energy use, safety record and more. We are pleased to provide you with the metrics in this report and share our goals for the future.

From Our President and Chief Executive Officer

Every day, at home and in businesses, millions of people use Clearwater Paper products. Whether it is paper towels, facial tissue, bathroom tissue, napkins, high-quality paperboard cartons for pharmaceuticals or packaging for ice cream, we manufacture products that enhance everyday living.

Our customers—and the consumers they serve care about the quality of the products they use. They also care about the manner in which those products are made. They want to know that the raw materials and manufacturing processes we use are sustainable environmentally and socially. They want to know that we are mindful of the future in every respect and that we are committed to continuously improving sustainability companywide. With those ideas in mind, we are publishing our first corporate sustainability report.

Since our company's inception, we have focused on continuous improvement—not only in manufacturing, but in everything we do. In the following pages, we describe our multiyear goals for making improvements in key areas of environmental performance. In addition, this report also outlines our policies and philosophies regarding other key aspects of sustainability. We believe the areas of supply-chain management, employee health and wellness, community involvement and corporate governance all play an integral part in keeping our company

running effectively, efficiently and sustainably—which we believe is in the best interests of our customers. investors and employees, and of the communities in which we operate.

To help illustrate our approach to continuous and sustainable improvement, included in the report are real examples of projects and initiatives that typify efforts that will help us meet our environmental goals. These examples also illustrate our ongoing commitment and approach to sustainably running Clearwater Paper.

This corporate sustainability report is our first of many. We believe it is a good start in sharing our goals and progress in a consistent, transparent and informative way.

On behalf of our 3,800 employees across North America, thank you for your interest in Clearwater Paper.



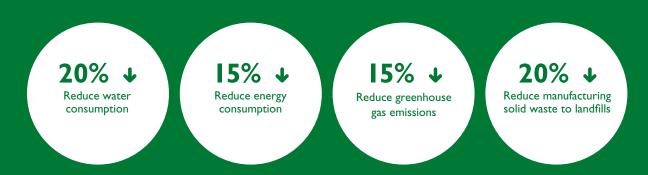
Linda K. Massman President and Chief Executive Officer

For our first report.

Environment

Our environmental policy makes our position clear: We will continually invest resources in strategies and projects that reduce our environmental footprint associated with water, energy, greenhouse gas emissions, air and waste. Over the years, that is exactly what we have done. We have committed to four ambitious new environmental goals over the next five years. More than ever, we are working to make a minimal impact on the environment as we help our customers maximize their impact in the marketplace.







Water is central to our business. We use water for steam generation, for heating and cooling, and for a variety of manufacturing processes. The amount of water use varies among our mills; some facilities use relatively little while others use millions of gallons per day. Having a dependable supply of local water is essential to the long-term sustainability of our company.

Reducing water consumption helps lessen our environmental impact and saves more than water. It also saves the energy and resources required to pump, circulate and treat the water we use. That is why we have long sought ways to reduce the amount of water we use at our mills and to reuse water wherever possible. To meet our goal of further reducing water consumption 20 percent by 2017, based on a 2011 baseline, we are looking at facilities across our system to see where water-reduction projects can have the most impact and be most cost-effective. Some examples:

- A new wastewater system at our Wiggins, Mississippi, mill will capture more water for reuse, enabling us to cut water consumption at the mill by approximately 30 percent.
- Through "steam leveling" at our Lewiston, Idaho, mill, we are eliminating spikes and valleys in our steam use and saving between 20,000 and 30,000 pounds of steam per hour as a result. Such efficiencies add up to serious cost and water savings.

Baseline Water Usage	Facility	Total (Gallons per Ton)
		10.140
	Cypress Bend	18,149
	East Hartford	7,286
	Ladysmith	8,173
	Las Vegas	3,729
	Lewiston CPD ¹	4,827
	Lewiston PPD ²	18,700
	Menominee	26,820
	Natural Dam	18,249
	Neenah	16,625
	St. Catharines	13,646
	Wiggins	8,273
	Weighted Average	15,209

Lewiston Consumer Products Division (CPD)

²Lewiston Pulp and Paperboard Division (PPD)

♦ Wastewater Treatment

We are always looking for ways to improve our wastewater treatment and make the water we discharge even cleaner. We seek to conserve as much water as possible at our mills.

Water we cannot recycle from our sites contains small amounts of residual chemicals and wood fiber. That is why we carefully treat our wastewater according to stringent standards set by local, state and federal agencies and by our own policies. We test wastewater quality often—continuously, at some locations. We are careful to maintain a wide margin between our actual discharge levels and levels allowed by government permits.

Recently, we invested \$1 million in wastewater system improvements at our mill in Lewiston, Idaho, which will enable us to treat wastewater to standards that

are among the most stringent in the United States; we will invest another half-million dollars over the next year. Among the improvements we have made: a system that captures and stores the turpentine that is a by-product of our pulping process, which we sell to a chemical manufacturer.

Our wastewater limits and treatment process at Lewiston were determined in part through a unique collaboration with the Idaho Conservation League (ICL), an environmental conservation group. We worked with the ICL on a five-year plan enabling us to lower biochemical oxygen demand, or BODs, associated with our wastewater.

We recently made improvements to our tissue mill in Wiggins, Mississippi, as well. Since 2004, our Wiggins facility has avoided discharging wastewater

Baseline BOD Discharge	Facility	Total (Pounds per Ton)
Biochemical oxygen demand	Cypress Bend	7.8
(BOD) discharged	East Hartford	0.8
	Ladysmith	1.8
	Las Vegas ¹	16.1
	Lewiston PPD ²	5.1
	Menominee	0.3
	Natural Dam	1.4
	Neenah	2.4
	St. Catharines	1.6
	Wiggins ³	11.0
	Weighted Average	4.9

¹The Las Vegas site discharges into a municipal treatment system for additional wastewater treatment.

²The Lewiston CPD site is aggregated with the Lewiston PPD site.

³The Wiggins site has no discharge to surface waters.

into nearby Four Mile Creek by instead discharging into a self-contained spray field and clay basin about 1.5 miles away. In fact, ours was one of the first industrial spray fields in the state. In 2012, we completed three substantial improvements to our wastewater system that will ensure cleaner wastewater and help us reduce water consumption and odor from the water we discharge:

- · A new primary clarifier will extract 80 to 90 percent of the suspended fiber and other solids from the 1.5 million gallons of effluent water the Wiggins mill produces on average each day. Removing solids will help improve water quality and considerably reduce potential odors from the spray field. The clarifier will also send a portion of the clarified water back to the mill for reuse, enabling us to cut water consumption by approximately 30 percent.
- · Solids extracted by the clarifier will pass through a new screw press, which will dewater the solids and compress the residual material for ease of handling. We are exploring options, however, for beneficial reuse of this material. Possible applications include fuel for biomass steam boilers or as a soil amendment for nearby farmers and landowners.
- · Finally, we added mechanical aerators to our spray-field holding pond, which will keep the water oxygenated and further reduce potential odors.

In all, the improvements at Wiggins increase our capacity for future production by enabling us to better manage wastewater and increase water-use efficiency. They also increase our capacity to be a good neighbor and a responsible steward of the local ecosystem.

Baseline TSS Discharge	Facility	Total (Pounds per Ton)
Total suspended solids (TSS)	Cypress Bend	13.3
	East Hartford	0.3
	Ladysmith	2.1
	Las Vegas	23.3
	Lewiston PPD	6.8
	Menominee	0.7
	Natural Dam	1.5
	Neenah	0.8
	St. Catharines	0.5
	Wiggins	9.1
	Weighted Average	6.2



We compete in an energy-intensive industry. The energy we use for power and heat accounts for one of the largest costs to our business. Reducing our energy consumption not only means we are using less fossil fuels and contributing less to climate change—it also gives us a competitive edge. That is why we are working to decrease our energy consumption by 15 percent by 2017 based on a 2011 baseline.

We intend to achieve our goal through conservation and the deployment of combined heat and power systems—systems that simultaneously generate both electricity and heat, while reducing greenhouse gas emissions—at a number of our facilities. We already employ combined heat and power systems at our

mills in Lewiston, Idaho; Cypress Bend, Arkansas; and East Hartford, Connecticut. We are exploring the feasibility of similar systems at our facilities in Las Vegas, Nevada; St. Catharines, Ontario; and Menominee, Michigan. As we explore these systems, we are looking at ways we can rely more on natural gas and biomass-based fuels to further reduce our reliance on energy generated by coal and oil (i.e., utility-provided power).

At our pulp and paperboard mill in Cypress Bend, we have saved millions of dollars in energy costs since 2000 by using energy more efficiently throughout our operations. By utilizing a strategy to optimize heat recovery, we have reduced natural gas use on a per-ton basis by at least 33 percent.

2011 Electricity Use	Facility	Generated	Purchased	Total (KWH* perTon)
	Cypress Bend	510	352	862
	East Hartford	659	236	896
	Ladysmith	N/A	1,216	1,216
	Las Vegas	N/A	1,893	1,893
	Lewiston CPD	N/A	1,121	1,121
	Lewiston PPD	792	1,156	1,949
	Menominee	294	762	1,056
	Natural Dam	176	1,018	1,194
	Neenah	N/A	769	769
	St. Catharines	N/A	1,139	1,139
	Wiggins	N/A	1,173	1,173

Weighted Average

1,382

^{*} Kilowatt hours

Other examples of how we are producing energy more efficiently and cost-effectively companywide:

- We are a pioneer in green power generation. We currently generate approximately 50 megawatts per year in renewable energy at our Lewiston woody biomass facility—something we have done since 1980. When our wood waste boiler went into production that year, it enabled many area sawmills to stop using "wigwam" burners—coneshaped burners with no emission controls that were used for burning wood waste. Our current environmental controls are greater than 99 percent efficient for particulates.
- Our Cypress Bend pulp and paperboard mill saves energy by using wastewater to heat chlorine

- dioxide prior to contact with pulp, reducing steam demand in the bleach plant.
- Our Natural Dam, New York, tissue mill operates its own hydroelectric power dam on the Oswegatchie River, which we use to generate as much as a quarter of the mill's electricity. To mitigate the effects of the dam, we are building a plunge pool at the dam that will enhance migrating fish habitat, along with a portage for the paddlers who frequent the river.
- Our East Hartford mill generates about 10 percent of its steam by heating water with recovered exhaust gases. It also uses recovered heat from mill processes to heat water, and it is using a heat recovery system generator to reduce steam consumption.

Natural Gas Use	Facility	Total (Millions of BTUs* perTon)
	Cypress Bend	8.6
	East Hartford ¹	17.9
	Ladysmith	9.9
	Las Vegas	14.4
	Lewiston CPD ²	4.0
	Lewiston PPD	5.7
	Menominee	1.2
	Natural Dam	10.6
	Neenah	8.2
	St. Catharines	12.6
	Wiggins ³	3.1
	Weighted Average	7.1

^{*} British thermal units

¹ East Hartford's cogeneration system uses natural gas for combined heat and power operations.

²The Lewiston CPD site data reflects only paper machine use.

³ The Wiggins site purchases steam from a third-party vendor.

Greenhouse Gas Emissions

We are committed to reducing emissions of carbon dioxide and other greenhouse gases that contribute to climate change. Most of our carbon emissions are related to the combustion of fuels at our mills. Our goal is to reduce our greenhouse gas emissions by 15 percent by 2017, based on a 2011 baseline. To see how we are committed to reducing energy consumption and our dependence on gas and coal by 2017, please see "Energy" on page 11.



Greenhouse Gas Emissions	Facility	Total (Tonnes per Ton)
Carbon dioxide equivalent	Cypress Bend	0.51
(CO ₂ e) based on fossil fuel	East Hartford	0.95
combustion	Ladysmith	0.53
	Las Vegas	0.80
	Lewiston PPD	0.43
	Menominee	1.58
	Natural Dam	0.57
	Neenah	0.44
	St. Catharines	0.63
	Wiggins	0.17
	Weighted Average	0.44

C Air

In accordance with state and federal limits and our own policies, we have long focused on reducing the amounts of particulate matter, nitrogen oxides, volatile organic compounds (VOCs) and sulfur compounds that our mills emit. These emissions are a result of the manufacturing process as well as the use of onsite energy generation at some of our mills.



Baseline Air Emissions	Facility	NOx	voc	PM	Total (Pounds per Ton)
Gas emissions, including	Cypress Bend	4.6	4.8	1.2	10.6
. 0	7.1				
nitrogen oxides (NOx),	East Hartford	1.8	1.7	0.3	3.9
volatile organic compounds	Ladysmith	1.0	3.2	0.1	4.3
(VOC), particulate matter (PM),	Las Vegas	1.0	1.2	0.5	2.7
emitted	Lewiston CPD	0.4	0.2	1.0	1.6
	Lewiston PPD	4.4	1.7	1.0	7.2
	Menominee	6.6	0.4	0.3	7.4
	Natural Dam	1.0	2.7	0.1	3.8
	Neenah	0.8	1.1	0.4	2.3
	St. Catharines	1.2	0.9	0.2	2.3
	Wiggins ²	0.3	0.9	0.0	1.2
	Weighted Average	3.2	2.2	0.9	6.2

 $^{^{\}rm I}$ The products and product mixes are very diverse across our system.

 $^{^{\}rm 2}\text{The}$ emissions for the Wiggins site do not reflect a vendor providing steam to the site.

Waste Management

Like most sustainability measures, reducing waste makes good environmental sense and good business sense. We continually look for opportunities to reduce and reuse waste from our manufacturing processes, which includes wood ash and organic matter resulting from the pulping process. Our goal? To reduce the amount of manufacturing solid waste we send to landfills by 20 percent. Here are just two examples of how we are reducing waste—and its associated costs—across our company:

• In Ladysmith, Wisconsin, our mill makes tissue products from recycled paper. The wastewater from that process contains organic matter—mainly short wood fiber and calcium. When the water is removed from the organic matter, the resulting by-product has a neutralizing capacity that is about 40 to 50 percent of that of agricultural lime, making it an excellent soil enhancer. For years, our Ladysmith mill has provided its dewatered wastewater treatment solids to area farmers who use it to keep the local sandy soil moist, increase its naturally low pH

- and help make it more resistant to erosion. The result is win-win: area farmers get a no-cost boost for their corn, beans and alfalfa. We save on landfill costs, which can top more than \$1 million annually.
- · To improve air quality, reduce landfill costs and provide a dramatically cleaner working environment at our new mill in Shelby, North Carolina, we are using hoods over our rewinding machines, along with a baghouse air filtration system in our bailer/shredder room, to collect the dust, or "fiber lint," created as part of our manufacturing process. Once collected, the dust is put through a screw press and turned into cueball-hard briquettes. Compacting the dust helps reduce landfill volumes by several hundred cubic yards annually, saving both landfill space and cost. We are also looking at how we might turn the briquettes into a revenue stream by selling them to other businesses. Possible uses include agricultural applications, such as lining material in corrugated boxes or even as a replacement for clay pigeons in skeet shooting.

Baseline Solid Waste	Facility	Total (Pounds per Ton)
	Cypress Bend	509.3
	East Hartford	13.5
	Ladysmith	0.3
	Las Vegas	381.1
	Lewiston PPD ¹	220.9
	Menominee	208.6
	Natural Dam	143.6
	Neenah	5.2
	St. Catharines	4.2
	Wiggins	9.7
-	Weighted Average	220.5

¹ The Lewiston CPD site data is aggregated with the Lewiston PPD site.

Our Commitment in Action

In our company, environmental stewardship is much more than a policy on a page. It is a value we live daily. At our mills across North America, our people continually find ways to conserve energy, reduce waste, protect local water sources and cut greenhouse gasses and other emissions. Following are just several examples of how we are working, in ways large and small, to look after the planet we all call home.

Wiggins, Mississippi

Since 2004, our Wiggins mill has avoided discharging wastewater into nearby Four Mile Creek by instead discharging into a self-contained spray field—one of the first in the state. In 2012, we completed substantial improvements to the system that will make our wastewater cleaner and help reduce its odor. The improvements will also help us reduce water consumption while increasing our capacity for future production.



East Hartford, Connecticut

Managing energy consumption is key to our business. Our 223-year-old East Hartford tissue mill generates 90 percent of its power with a natural gas-fired generator. Average savings is \$3,500 per day, or \$1.27 million annually.

Las Vegas, Nevada

At our Las Vegas mill, we are working with a local recycler to turn wastewater treatment solids from our papermaking process into a feed stock for corrugated medium (cardboard boxes). As a result, we are landfilling less and saving about \$150,000 per year.

Natural Dam, New York

Our Natural Dam tissue mill generates as much as a quarter of its own power through a dam on the Oswegatchie River. We are building a plunge pool to assist migrating fish, along with a portage for the paddlers who frequent the river.

Shelby, North Carolina

Airborne fiber dust at our new Shelby converting mill is collected and compacted into small, hard briquettes in a process that saves landfill costs and space.



Lewiston, Idaho

Recycling ash back into a power boiler at our Lewiston mill, we are able to reuse unburned material and reduce waste. Using air rather than steam to reinject the ash, we lower our steam consumption (and our energy and water use) by approximately 7,000 pounds per hour.

We save between 20,000 and 30,000 pounds of steam per hour by leveling steam use at our Lewiston mill. We save more than water and energy: for every thousand pounds of steam we save per hour, there is a \$50,000 annual improvement to our bottom line.

We are investing \$1.5 million in additional wastewater equipment that will further reduce the impact of our discharge. Improvements include equipment for capturing and reusing processed chemicals, along with a system that will capture turpentine a by-product of our manufacturing process—and store it for sales.



Ladysmith, Wisconsin

Our Ladysmith mill reduces landfilling by giving its dewatered organic wastewater treatment solids to area farmers for use as soil enhancer.



Cypress Bend, Arkansas

Our Cypress Bend mill has saved millions of dollars in natural gas consumption by using alternative fuels and using heat more efficiently. One example: the mill uses wastewater to heat chlorine dioxide prior to contact with pulp, reducing steam demand in the bleach plant.

Supply Chain

Our business is only as sustainable as the materials we use to make our products. That is why 100 percent of the wood fiber we use in our products comes from certified or controlled sources. It is why we constantly push to "lightweight" our packaging, maximizing performance while minimizing materials. It is also why we use chemicals that comply with California's Proposition 65, among the most stringent environmental health laws in North America. We are looking at how our own practices and influence can help suppliers reduce their environmental and social impact—now and in the future.

Our fiber procurement goal for 2017:



The materials we use

The materials we use to make our products are many. They range from caustics to latex, corn starch to hydrogen peroxide. Currently, our sustainability efforts focus mainly on wood fiber and packaging materials.

A longtime leader in the use of certified fiber

In 2005, our paperboard mills in Lewiston, Idaho, and Cypress Bend, Arkansas, received Forest Stewardship Council™ (FSC®) chain-of-custody certification through Scientific Certification Systems and Rainforest Alliance, respectively. FSC certification signifies that the wood fiber used in a mill is procured from either FSC-certified forests or forests that have been inspected to assure that they meet the FSC's strict standards requirements for environmental stewardship, social sustainability and more. Today, our 13 consumer products mills are certified to FSC standards. Our two paperboard mills are dual certified to Sustainable Forestry Initiative (SFI) and FSC standards.





First to market with FSC-labeled products

Our products reflect our commitment to buying only fiber from responsibly managed forests. We were the first U.S. company to offer a full line of FSC-certified paperboard products and the first retail grocery supplier to offer FSC-certified facial tissue. In 2011, we expanded our FSC-certified consumer offerings to include premium and ultrapremium bathroom tissue.

Doing more with less in our packaging

We are always working to make our packaging more sustainable while ensuring that it protects products during shipping and meets consumer expectations for quality and aesthetics.

Our corrugated shipping container designs employ "gap flaps"—several inches of space between sealing flaps that enable the containers to be manufactured with less material than conventional boxes without any sacrifice in performance. Over time, we have reduced the amount of low-density polyethylene (LDPE) wrap we use as packaging for our bathroom tissue and paper towel products as we find new ways to get the same performance from less material.

Suppliers who share our values

As we move forward, we will increasingly work with suppliers to ensure that their vision and policies for sustainability are aligned with ours. For example, key suppliers have confirmed that they comply with the California Transparency in Supply Chains Act, which requires businesses to disclose their efforts to eradicate human trafficking and slavery in their direct supply chains. In coming years, we intend to include questions based on our sustainability principles qualification surveys used to screen all our suppliers on applicable requirements.

Certified or Controlled Sources	Facility	Status		
We use only FSC-certified or controlled fiber in our mills. FSC-certified fiber comes from FSC-certified forests. Controlled fiber comes from known sources that we audit and which meet FSC's strict standards. None of our facilities accept "gatewood" or fiber from unknown or uncertified sources.	 Cypress Bend East Hartford Elwood Ladysmith Las Vegas Lewiston CPD Lewiston PPD Lewiston PPD Long Island Menominee Natural Dam Neenah St. Catharines Wiggins 	Certified Controlled Certified Certified Certified Certified Controlled Certified Certified Certified Certified Certified Certified Certified Controlled Certified Certified Certified Certified Certified	201 • Controlled	65% • Certified

Our Wood Fiber Sources Total (Metric Tons)

	Brazil	United States	Canada
Virgin Pulp	80,400	110,100	144,00
Recycled	N/A	126,600	N/A

Employee Health and Well-Being

The health of our business depends on the 3,800 employees who work at our facilities across North America. We work hard to keep them safe and healthy, with programs resulting in a continually improving safety rate that is better than our industry average. We also strive to maintain a rewarding and engaging workplace so that we can recruit and retain excellent people.

Our safety goal for 2015:



Our health and safety policy

We are committed to being a leader in the pulp and paper products industry in implementation of procedures and practices to create a safe workplace and to ensure compliance with applicable health and safety requirements. In our company, workplace health and safety are actively managed by experienced professional teams charged with ensuring every employee's safety each working day. Each facility uses integrated safety processes to engage all employees in striving for continuous improvement. Clearwater Paper operates its facilities mindful of the responsibility to work safely to protect our employees as well as others present at our facilities, and our neighbors in the communities in which we operate.

Continually improving our safety record

In a business where coming to work often means interacting with large and complicated machinery, chemicals, steam and other potential hazards, safety has always been our workplace priority. We have long taken a proactive approach, making safety part of everyone's job description and encouraging all employees to report safety issues and make suggestions for making their workplace safer. We monitor key safety metrics at every site and ensure that every one of our facilities has a robust health and safety program. We are also implementing systematic safety education and training based on best practices and lean manufacturing concepts.

Our work is paying off: In 2011, despite a significant increase in our numbers of facilities and employees following our 2010 acquisition of Cellu Tissue, our rate of incidents and illnesses reportable to the U.S. Occupational Health and Safety Administration (OSHA) was 2.29, below our industry average of 2.6. We want to make that number even lower. We reduced the rate to 1.87 by the end of 2012, and we have set the goal of further reducing the rate to 1.0 by 2015.

We require facilities to conduct self-assessments based on OSHA and our own policies and best practices. Once teams have assessed their own progress, a safety professional conducts an independent assessment and offers recommendations for further improvement. Action items are tracked to completion via electronic database. We also conduct regular root cause analysis, recording all accidents and near misses in a database and trending information that can help us avoid similar accidents in the future. Another key initiative: frequent networking opportunities by phone, webinar or in person with the safety team and facility managers to conduct trainings and share ideas for improving safety.

An improved MSDS system

Knowing and tracking the hundreds of chemicals we use in our manufacturing processes is an essential part of ensuring both employee safety and environmental compliance. Our library of OSHA-compliant material safety data sheets, or MSDS, is critical to that effort.

In 2011, we replaced libraries of MSDS binders at each of our mills with an enterprise-wide database that personnel at all of our mills can easily search through an intranet website. This "Right to Know" sites enables them to gather information about all the chemicals approved for use on our sites. It is also a key part of our stringent approval process for introducing new chemicals.

Just over a year after implementation, the system is already generating positive outcomes. The system also has made it easier for our personnel to seek approval for chemicals that are more effective or less costly, and it has enabled greater information-sharing among employees at different mills—all the more important as our company continues to grow.

Promoting employee wellness

In addition to our safety programs, we also offer wellness programs to help employees make healthy lifestyle choices. Programs that exist or that are under development include:

Health coaches. Provides eligible employees with access to registered nurses who provide confidential assistance with healthcare issues and with navigating the healthcare system.

Smoking/tobacco cessation. Provides Web and telephonic coaching for employees and their spouses who want to quit using tobacco products.

Employee Assistance Program (EAP). Provides practical information, referrals to trained professionals and support for a range of work/life issues.

Working closely with organized labor

Maintaining an open, constructive relationship with organized labor is vital to our business. Union representatives are integral participants in our safety improvement efforts as well.

About 54 percent of our workforce—approximately 2,000 employees at eight of our mills—belong to one of four unions. Most belong to the United Steel Workers. Smaller percentages belong to Independent Paperworkers of Canada, International Brotherhood of Electrical Workers and International Association of Machinists.

Central to our working relationship with unions are regular meetings with union representatives, as well as an open-door policy that provides union representatives with easy access to our management when necessary.

Strengthening our workplace culture

Our company culture is built on a long and rich history encompassing multiple generations of workers. Following our 2010 acquisition of Cellu Tissue—a company with mills nationwide and a rich history of its own—we have made steady progress in building a clearly defined workplace culture that is consistent companywide. Key aspects of our culture include:

Clear values. We embrace and practice integrity, openness and candor, environmental responsibility and a commitment to quality and a focus on our customers.

Continuous improvement. We believe there are always opportunities to raise the bar and get better. We engage our employees in improving the business and their own performance.

Performance-driven. We are focused on winning and delivering results.

Talent management and retention

We recruit, develop and retain optimally strong talent. We strive to recruit employees from the communities where our facilities are located. This includes part-time workers moving into full-time positions, non-management employees moving into management positions, and supervisors and managers moving into positions of greater responsibility.

To help attract and retain excellent employees, we offer wages that are competitive and equitable within our industry and within the varied geographic regions in which we operate. We pay for performance both individual performance and contributions toward the achievement of our company's success. We also offer a comprehensive benefits package that assists in addressing employees' health, income security and retirement needs.

Employee training, development and education

As a performance-driven company, we recognize the benefits of employees continuously improving their knowledge and skills: as they get better, so does our company. That is why we encourage employees to pursue personal growth, both independently and within our company.

To help our employees excel in their work, develop their careers and work safely, we provide on-the-job training for both hourly and salaried employees. Additionally, at some of our mills, we have developed relationships with local colleges that provide leadership training for our supervisors and managers and industrial skills training for our production employees. We also offer a tuition-assistance program to help eligible employees earn certified credits, an undergraduate degree and/or a graduate degree that is aligned with our business.

Guiding employee performance

In a performance-driven company such as ours, it is essential that our employees know what is expected of them and know how they are delivering on those expectations. Our performance management process enables employees to set objectives that are aligned with our company goals so that each employee knows how he or she contributes to our company's success. Feedback and coaching are provided to employees regularly. Employees are evaluated formally once a year (and informally throughout the year) against job-specific criteria.

Clearwater Paper employees develop their careers by annually discussing career goals and aspirations with their manager, who helps them develop the skills, training and attributes required to move toward their goals. Our practice of promoting from within at all levels of our company offers further opportunity for employees to move forward in their careers.

Providing hands-on experience for students

We support higher education by providing students with real-world work experience through internships and co-ops. Every year, we invite a number of students to work within their career field and develop skills by working with experienced professionals. In the process, students learn to prepare for a career, assimilate into the business environment and gain invaluable work experience. Students may also receive academic credit for their work. Many interns return to our company as employees after they graduate.



Community

We are a community-oriented company, with deep roots in the towns and cities where our facilities are located. Our community programs are built on a history of helping to strengthen the places where we live and work. Through community giving, a matching gift program, employee volunteerism and more, we are working to ensure that our communities are good places to live and do business.





In 2011, employees at our Lewiston, Idaho, mill again lent a hand to the ongoing effort to restore Lindsay Creek.The creek is an important tributary of the Clearwater River.

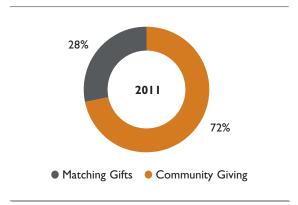
Charitable giving

We support organizations and causes that have a broad positive effect and touch many lives in the communities where our facilities are located. We give to schools, food banks, hospitals and a variety of other organizations. We focus our giving in four areas: education, the environment, social services and the arts. To ensure that our donations are relevant to local needs—and to help us build strong relationships with organizations—each of our facilities has a contribution committee composed of Clearwater Paper employees. The committees annually review more than 100 charitable giving requests and allocate our gifts.

Matching gifts

In addition to giving to local organizations, we also offer a matching gift program that enhances our employees' charitable giving. Our matching gifts for education program was established to encourage direct financial support by Clearwater Paper employees to accredited nonprofit institutions of higher learning and to qualified, tax-exempt secondary and elementary schools. Through the program, we match employee and employee spouses' contributions of \$25 or more dollar-fordollar up to \$1,500 per family per calendar year.

Charitable Contributions



We also match employee gifts at 50 cents on the dollar through annual United Way fund drives at several company locations.

Volunteerism and other efforts

Our employees nationwide are also part of many efforts to improve the quality of life in their communities. To name only two, in 2011 employees at our Lewiston, Idaho, mill took part in an effort to help restore nearby Lindsay Creek as part of a project sponsored by the Palouse-Clearwater Environmental Institute. Employees at our mill in Shelby, North Carolina, partnered with Communities in Schools to supply hundreds of backpacks for local schoolchildren in need.

Governance and Ethics

A truly sustainable company is one that tries to do the right thing in every respect. In our company, sustainability and integrity begin with our leadership. Our corporate governance program helps guide our officers, directors and employees in carrying out their responsibilities and sets standards for our professional conduct. We have made our complete governance and ethics policies available online at www.clearwaterpaper.com.

Our board of directors

As a publicly held company, we are governed by a board of directors that serves as a fiduciary and oversees our company's management. The standing committees of the board are audit, compensation, and nominating and governance.

Director independence

The role of our board is to oversee and provide policy guidance on our business and affairs. The board believes that it will best serve our stockholders if the majority of its members are independent. The board has determined that all of our outside directors are independent within the meaning of the New York Stock Exchange, listing standards and our director independence policy.

Our board regularly meets in executive session without members of management present and as the board or its individual members deem necessary. Each standing committee of the board also meets in executive session regularly and as the committee or its individual members deem necessary. Our directors are also invited to attend the meetings of committees of which they are not members, and regularly do so.

Governance guidelines and ethics codes

Our board has adopted corporate governance guidelines, or governance guidelines, which provide standards and practices of corporate governance that we have designed to help contribute to our success and to assure public confidence in our company. The company's corporate governance guidelines may be found on the company's website at http://inclearwaterpaper.com/governance.cfm.

In addition, all standing committees of the board operate under charters that describe the responsibilities and practices of each committee. The charters for the committees also may be found on that same website.

We have adopted a code of business conduct and ethics, or ethics code, which provides ethical standards and corporate policies that apply to all of our directors, officers and employees. Our ethics code requires, among other things, that our directors, officers and employees act with integrity and the highest ethical standards, comply with laws and other legal requirements, engage in fair competition, avoid conflicts of interest and otherwise act in our best interests. We have also adopted a code of ethics for senior financial officers that applies to senior management and provides for accurate, full, fair and timely financial reporting, and the reporting of information related to significant deficiencies in internal controls, fraud and legal compliance.

Reporting options

We have established procedures for confidentially and anonymously reporting concerns and potential violations regarding accounting, internal controls and auditing matters, as well as concerns or potential violations of our ethics codes and other matters. Employees can report violations or concerns to management, human resources, the legal department, auditors or through a third-party hotline or website.





Clearwater Paper Corporation

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