

2013 Corporate Social Responsibility Report

At Clearwater Paper,
we believe sustainability
is everybody's business.



“Let someone else do it” is not a phrase you hear at Clearwater Paper. We know creating a sustainable world requires every company to do its part, just as building an enduring business demands commitment from every employee. Whether we are striving to reduce our environmental impact or finding new ways to be profitable, all of us are all in. We don’t shirk. We don’t slack. We don’t pass the buck. Instead, we step up, knuckle down and pitch in. The journey takes time and challenges are a given, but with everyone’s effort, we are moving steadily toward our goals. Sustainability is everybody’s business: from our boardroom to our break rooms, everybody, every day.

President & CEO Letter	5
Environment	7
Supply Chain	21
Employee Health and Well-Being	24
Community	28
Governance and Ethics	31

In our company, sustainability
is everyone's responsibility.
We're making progress because
everybody's accountable.

— Linda Massman, *President and Chief Executive Officer*

IN 2013, WE SHIFTED INTO DRIVE. DRIVE is our three-year, five-point plan for excellence. Through it, we are strengthening Clearwater Paper by investing in our people, our customers and our sustainability. DRIVE's goals are to **Develop:** Engage and protect our people; **Realize:** Grow and enhance financial performance; **Improve:** Promote efficient processes; **Value:** Deepen relationships with our customers; and **Ensure:** Sustain the future of our company, industry and communities.

From Our President and Chief Executive Officer



**Shareholders,
colleagues and
friends:**

Daring great things demands much of us. Building an enduring company, creating thriving communities and ensuring a viable ecological future are all goals as formidable as they are essential. Each requires commitment and action from every person involved.

In 2013, as always, we took our responsibility seriously. We began by launching DRIVE, our three-year plan for collaborating companywide to make Clearwater Paper even stronger. DRIVE challenges each of us to find renewed motivation and meaning in our work and to show up every day with a total commitment to taking our company to a new level of performance. Our

employees have responded to DRIVE's challenge with characteristic energy, ingenuity and grit. Through our continuous improvement process, employees companywide collaborated to develop solutions that have made our workplace safer, our environmental footprint smaller and our company more resource-efficient. Through DRIVE, Clearwater Paper is becoming "everybody's business"—a company in which every employee has a stake and a say. We are delighted to feature some of our DRIVE Pacesetters in this report.

Just as building a successful long-term business requires commitment from all involved, creating a way of life that is sustainable environmentally and socially requires commitment and contribution from every sector of society—including our company. In the 2013 report, for the first time, we measured our sustainability progress against specific long-term goals. Our results were modest but encouraging. We reduced water use, energy

consumption, greenhouse gas emissions and solid waste. We also made strides in safety, posting our lowest injury rate ever. Across our company, our employees continued to give time and money to help strengthen their communities. All in all, our efforts added up to a solid and decisive start on our journey.

Sustainability has been a focus since the company was founded in 2008 and remains the way we will conduct our business. Daring great things, by definition, brings great challenges. The men and women of Clearwater Paper have shown that they wouldn't have it any other way.



Linda Massman

President and Chief Executive Officer

DRIVE was a crucial factor in our sustainability progress in 2013. It provided a framework in which employees companywide stepped up to solve problems, suggest improvements and work as one team. In this report, we are featuring DRIVE Pacesetters—employees whose commitment and ingenuity exemplify what DRIVE and Clearwater Paper are all about.



We work hard every day with
the goal of having minimal
impact on the environment.

— Marv Lewallen, *Vice President, Environmental, Energy and Sustainability*

Environment: Moving Forward Toward Our Goals

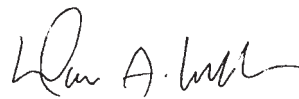
Clearwater Paper has a tradition of environmental stewardship. In 2012, we began a new phase in our journey by announcing our first specific long-term environmental goals. We committed to substantially reducing our water use, energy consumption, greenhouse gas emissions and manufacturing solid waste by 2017. In 2013, we measured ourselves against those targets for the first time. Our progress was modest, but clear: across all metrics, we are moving forward.

Our results were shaped somewhat by adjustments we made to our original baseline figures developed in 2011. Because our initial baseline calculations for our energy, solid waste and greenhouse gas emissions goals did not include production data for our converted tissue products, we corrected those baselines so that they now take all of our products into account. We also updated our water-use baseline, correcting historical data and including every water source we use to make our products. By correcting these baselines, we effectively moved our starting line back.

Even with these adjustments, we saw encouraging signs of early progress. Much of our momentum came from employees across our company, whose collaboration and insight are enabling

us to address key challenges quickly and cost-effectively. Our commitment to continuous improvement put wind in our sails as well: new environmental compliance software we implemented companywide in 2012 has helped each one of our facilities better coordinate complex auditing, training and permitting processes and has provided greater consistency from mill to mill. Throughout 2014, we are planning to launch 19 environment-related capital projects totaling more than \$10 million.

It is early in our sustainability journey, and we expect the way to grow more challenging as we press on. Deep environmental change demands changing entrenched culture, looking for solutions that may not readily reveal themselves and a careful balancing of our aspirations with fiscal prudence. Still, just one year into our efforts to meet our 2017 goals, we are pleased to report forward motion and a demonstrated commitment on the part of our employees.



Marv Lewallen

*Vice President, Environmental, Energy
and Sustainability*

By 2017, we will reduce:



Water
consumption



Energy
consumption



Greenhouse
gas emissions



Manufacturing
solid waste to landfills

Water

The amount of water we use varies by mill: 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 our water use helps us save more than just 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 to reduce the amount of water we use at our mills and to reuse water whenever possible. It is also why we have set our sights on reducing our consumption by 20 percent by 2017.

In August 2013, more than two-dozen employees from across our company met for a pivotal four-day Kaizen on water conservation. Their task: to identify low-cost water-reduction measures at our Lewiston, Idaho, facility, which uses the most water of all our mills. The resulting ideas—more than 150 of them—led to a near immediate reduction in consumption amounting to almost half a million gallons per day. We have since implemented a number of additional measures and have begun engineering studies on efforts requiring longer-term planning and investment.



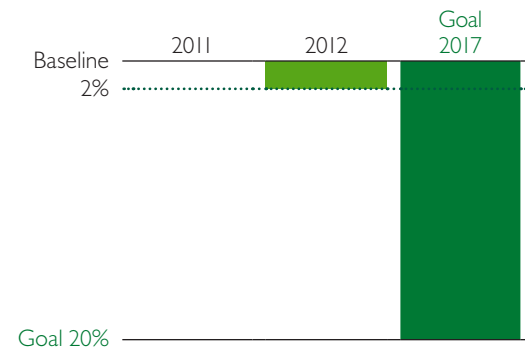
Cypress Bend Pulp and Paperboard Mill



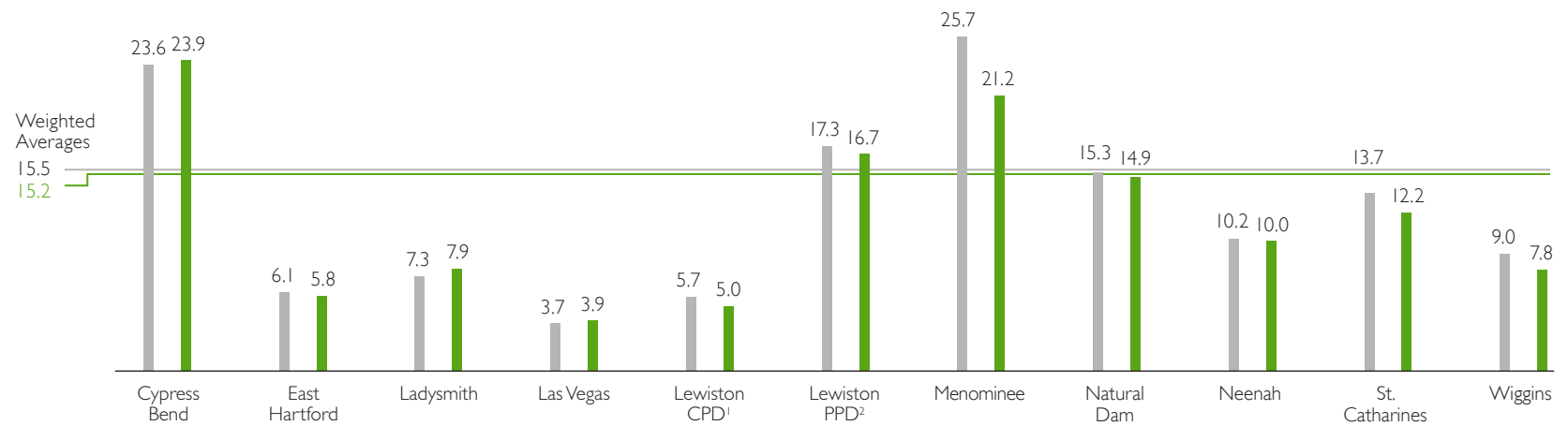
Jack Koepke
Paper Machine Coating Operator
Lewiston, Idaho

Drove us forward by: Suggesting we save on coating chemicals by flushing our paper machines' filters hourly rather than every 15 minutes—an idea that's expected to reduce chemical use by half and save hundreds of thousands annually.

Water Consumption



In 2012, we reduced our water consumption by 2 percent from our baseline in 2011.



¹ Lewiston Consumer Products Division (CPD)

² Pulp and Paperboard Division (PPD)

DRIVE insight:

"I encourage my fellow employees to look for opportunities to improve or repair equipment. No idea is a bad one. In fact, you may be surprised when your idea saves the company millions each year." — Jack Koepke

DRIVE 
PACESSETTER

Wastewater Treatment

We draw water used in our manufacturing processes from nearby rivers and municipalities and return it when we are finished. Because our process water contains small amounts of residual chemicals and wood fiber, we carefully treat it to stringent standards set by government agencies and our own standards before returning the water to its original source. We test wastewater quality often—at some locations, we check it continuously. We are careful to maintain a wide margin between our discharge levels and the levels allowed by government permits. Although we don't currently have a formal wastewater treatment goal, we closely track the volume and quality of our wastewater, measuring both against regulatory requirements, our own high standards and industry benchmarks. We are always looking for ways to make the water we discharge even cleaner.

At our Lewiston facility, where we treat wastewater to standards that are among the most stringent in the United States, we have worked closely with the Idaho Conservation League, a leading local environmental organization, on a plan enabling us to lower biochemical oxygen demand (BOD) associated with our wastewater. BOD is a measure of the quantity of oxygen consumed by microorganisms during the decomposition of organic matter and a key indicator of aquatic health.

During 2013, our new condenser/decanter system at our Lewiston mill dramatically improved our capacity for capturing turpentine, a natural by-product of the conifer wood chips and sawdust used in our pulp-making process.

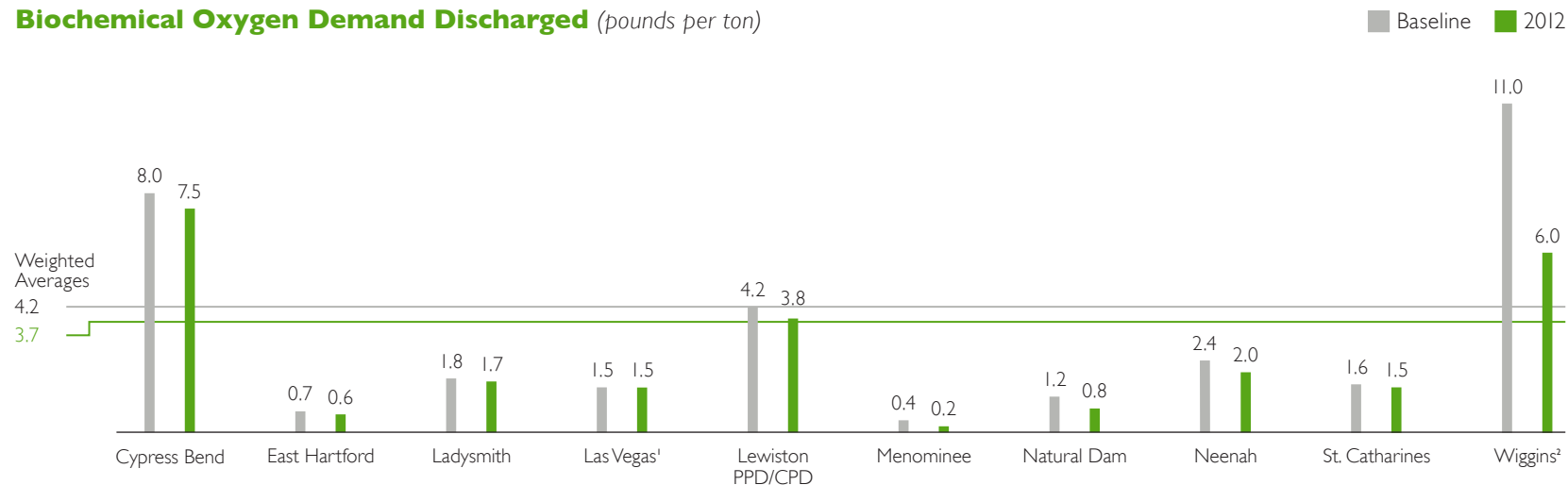
Turpentine discharged into a wastewater treatment system can increase BOD and cause odors. Our new condenser/decanter system decreased the amount of turpentine from our wastewater by 42 percent. We store and sell the turpentine we capture.



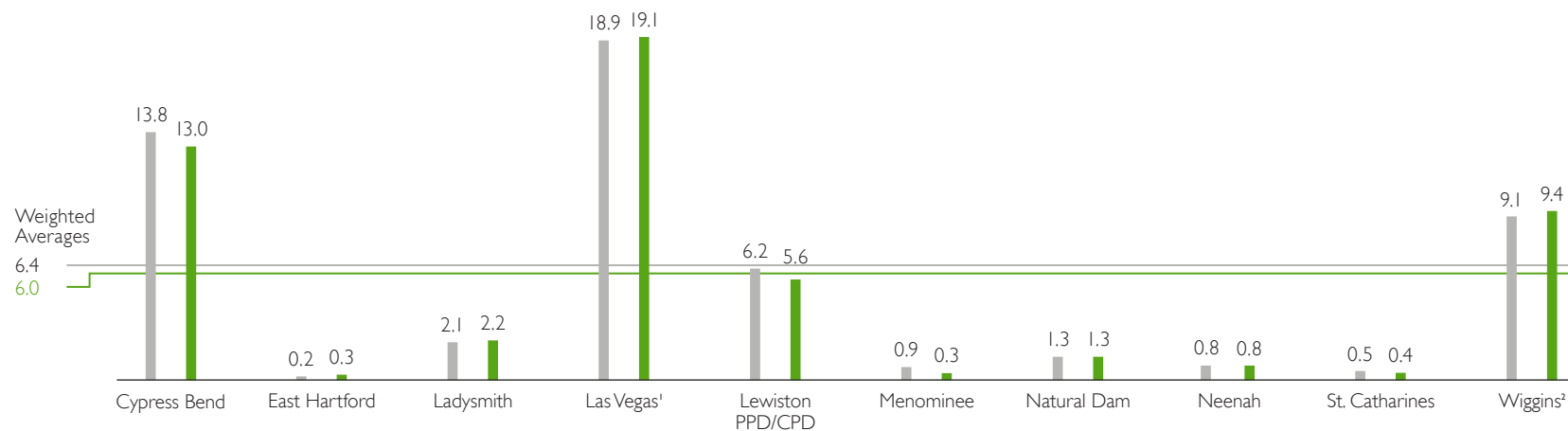
Katie Albers and Laura Gilliland
Distribution Coordinators
Las Vegas, Nevada

Drove us forward by: Helping a long-standing consumer-products customer avoid a third-party trucking contract that would have cost our customer substantially more time and money.

Biochemical Oxygen Demand Discharged (pounds per ton)



Total Suspended Solids (pounds per ton)



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

² The Wiggins site has no discharge to surface waters.

DRIVE insight:

“We were just doing our job, which is to understand our customers’ needs and look out for their best interests.”
— Katie Albers

DRIVE
PACESETTER

Energy

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 fuel; it also gives us a competitive edge. That's why we are working to decrease our energy consumption by 15 percent by 2017.

We are striving to achieve our goal through conservation and through the deployment of combined heat and power systems, which simultaneously generate both electricity and heat while reducing greenhouse gas emissions. 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 utility-provided energy generated by coal and oil.

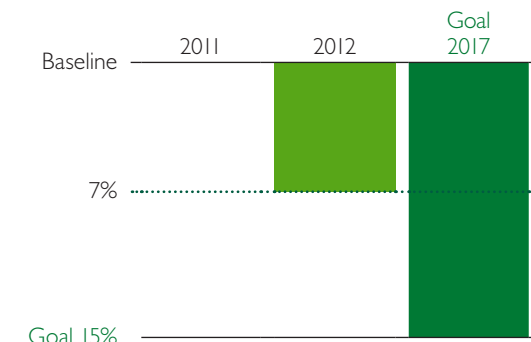
In 2012, we reduced our energy consumption by 7 percent compared to our baseline. One significant contributor, our St. Catharines facility, launched several initiatives in 2012 that provided strong energy- and cost-savings in 2013. Among the measures taken at St. Catharines:

- New energy-efficient lighting that saves 3.7 million kilowatt-hours and approximately \$100,000 annually.
- Heating, ventilation and cooling improvements that will save \$80,000 annually.
- Introduction of a system that uses air-chilled water during winter months instead of air-conditioning. The estimated annual energy savings is \$10,000.
- Installation of an economizing heat recovery system on one of the mill's TAD (through air drying) paper machines.
- Installation of a mill-wide integrated electrical metering and targeting system, which displays real-time usage patterns, energy prices and cost data. The system also develops peak shifting control processes and helps identify

future cost-savings projects. Eighty percent of the cost of the system was funded by the Ontario Power Authority.

We weren't the only ones who were pleased with St. Catharines' progress: Horizon Utilities, one of Ontario's largest municipal-owned electrical companies, presented mill personnel with its Energy Excellence Award.

Energy Consumption



In 2012, we reduced our energy consumption by 7 percent compared to our baseline.

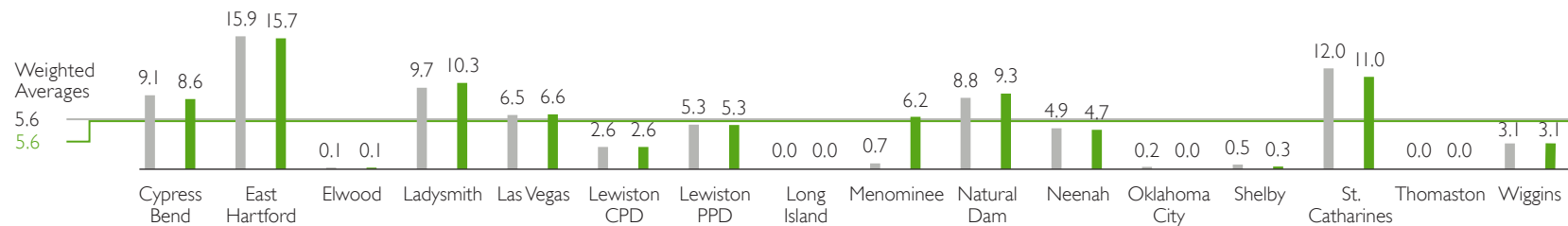
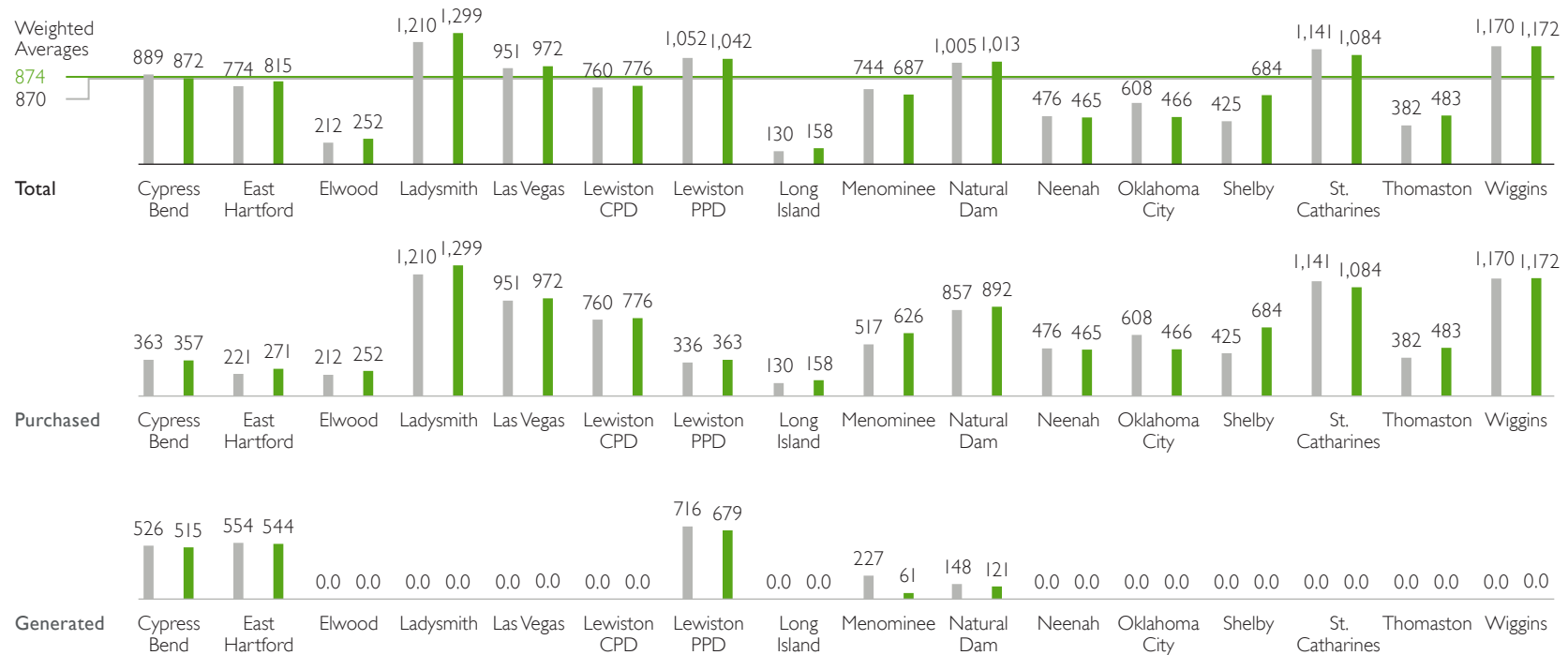


Riaz Ahmed
Energy/Sustainability Manager
St. Catharines, Ontario

Drove us forward by: Recommending the use of canal water to cool air-conditioning units during winter, substantially cutting power consumption and saving more than \$10,000 per year.

Natural Gas Use (MMBTU per ton)

■ Baseline ■ 2012

**Electricity Use** (KWH per ton)**DRIVE
insight:**

"Most often it's the small, simple measures that add up to sustainability."
— Riaz Ahmed

DRIVE 
PACESETTER

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. By the end of 2012, we reduced our greenhouse gas emissions by 5 percent from baseline levels. Among the ways we are reducing carbon emissions:

- We stopped burning coal in the steam-generating boiler at our Menominee, Michigan, facility. The facility now fuels its boiler with natural gas.
- We replaced an existing diesel whole-log chipper with an electric chipper at our Clearwater Fiber facility in Clarkston, Washington, which we acquired in 2013. We estimate that the switch will reduce operating costs by one-third. It will also decrease greenhouse gas emissions associated with the machine's operation.

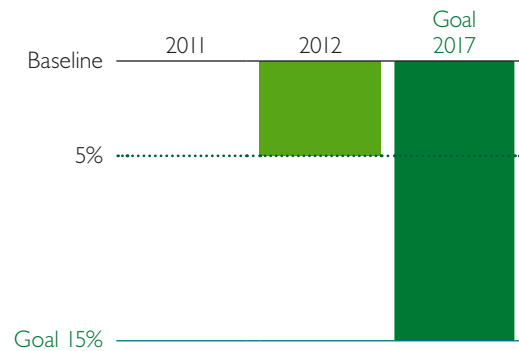


Julie Huckabee

Futura Converting Line Operator and Safety Chair
Oklahoma City, Oklahoma

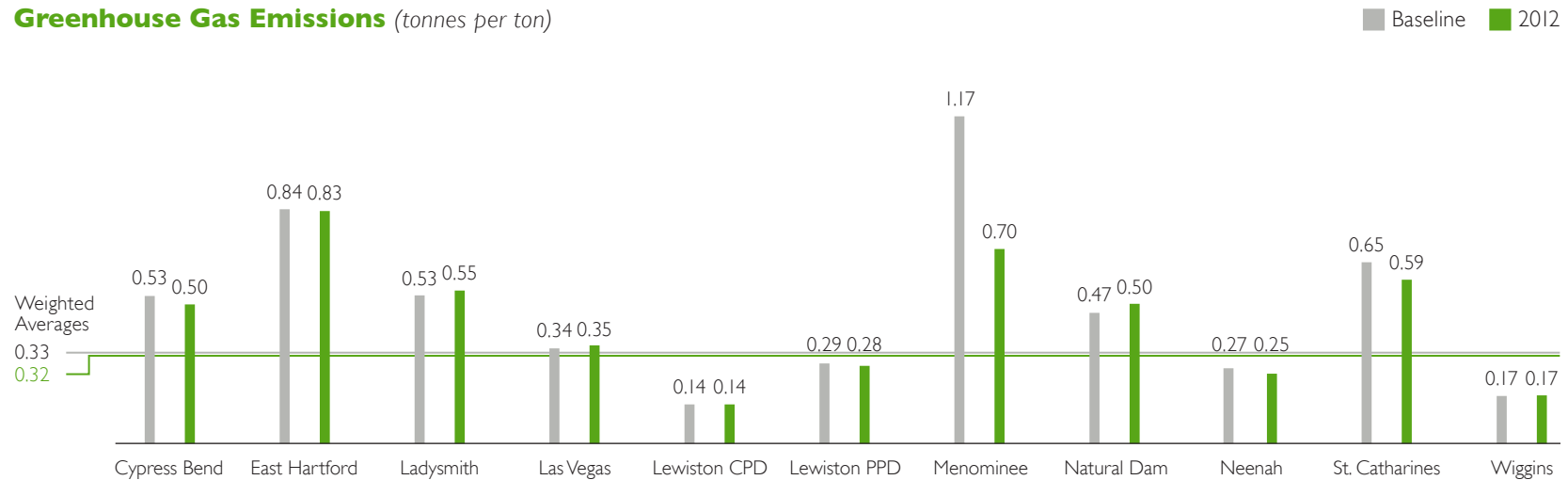
Drove us forward by: Updating the mill's safety policies, conducting training and mentoring new employees. Julie is a trusted resource for her peers, who recognize her as the mill's safety pacesetter.

Greenhouse Gas Emissions



In 2012, we reduced our CO₂e emissions by 5 percent compared to our baseline.

Greenhouse Gas Emissions (tonnes per ton)



DRIVE insight:

"We've had great success with our recent safety initiative. Awareness is growing. Employee safety suggestions have increased sevenfold in a six-month period." — Julie Huckabee

DRIVE 
PACESetter

Air Quality

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 on-site energy generation at some of our mills. While we don't currently have a formal goal for reducing these types of emissions, we monitor them closely, measuring against strict regulatory requirements, our own high standards and industry benchmarks.



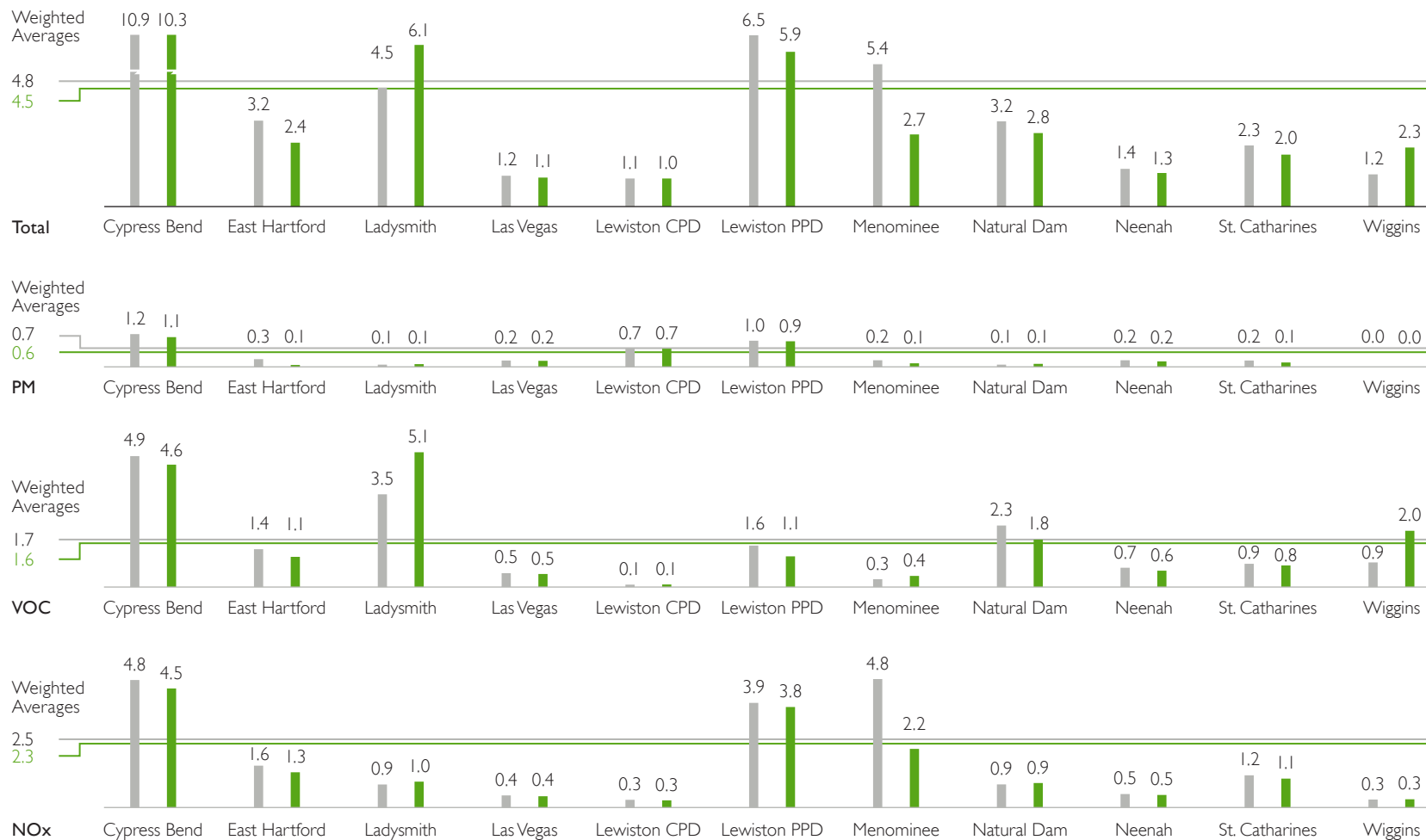
Brian Bolte
Household Towel Converting-Line Operator
Elwood, Illinois

Drove us forward by: Developing a quick-release mechanism for the casepacker line's "pusher plate," a metal plate that pushes finished household towels into a shipping box, that reduced the time it takes to change pusher plates from five minutes to less than one minute.

Air Emissions Detail (pounds per ton)

■ Baseline ■ 2012

Gas emissions including nitrogen oxides (NOx), volatile organic compounds (VOC), particulate matter (PM) emitted

**DRIVE
insight:**

"This best practice, like many others, is available on the company's Continuous Improvement intranet site. I believe best-practice sharing is a great way for the entire company to improve and grow together." — Brian Bolte

DRIVE
PACSETTER

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. In 2012, we cut the amount of solid manufacturing waste we send to landfills by 14 percent.

Our Las Vegas facility has made a big contribution to our waste reduction by recycling 100 percent

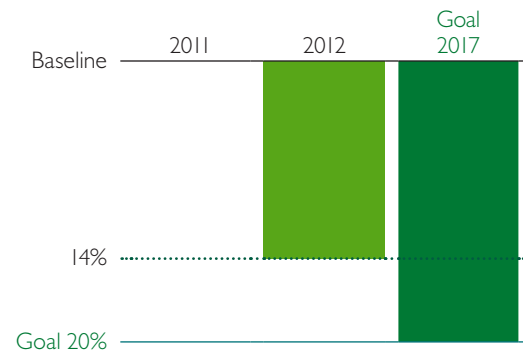
of its sludge—the waste by-product of its pulp and papermaking operations. A local recycler transports approximately six tons of sludge from our Las Vegas mill daily to a processing facility. There, the sludge is mixed with paper and dust and other recycled paper material to create a raw material for corrugated medium—a paper material employed in the manufacture of the wavy, ridged paperboard used to make corrugated boxes. The process has made our Las Vegas facility 99 percent landfill-free and saves an estimated \$20,000 annually.



Jeff Collar and Steve Cowling
Facial Converting-Line Operator,
Paper Machine Tender
Neenah, Wisconsin

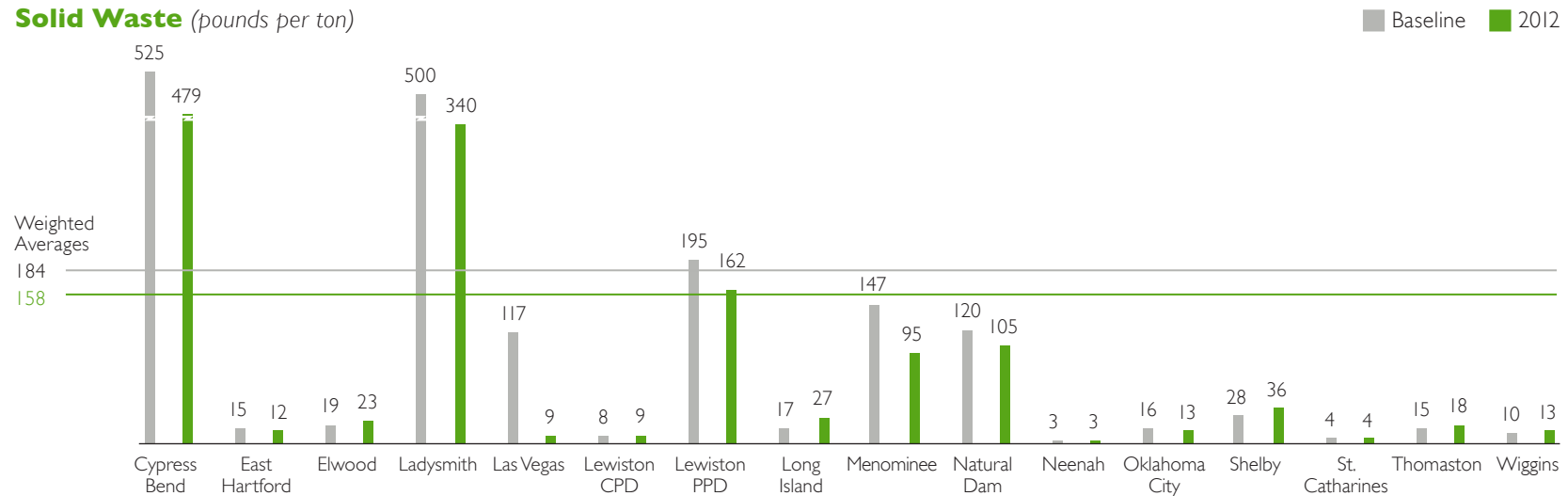
Drove us forward by: Recommending tighter and more consistent lineal-yardage targets for facial-tissue parent rolls. Their work helped us significantly reduce waste and generated annualized savings of \$450,000.

Solid Waste to Landfills



In 2012, we reduced our manufacturing solid waste sent to landfills by 14 percent.

Solid Waste (pounds per ton)



DRIVE insight:

"Those of us working on the lines are often in the best position to identify opportunities for reducing waste."
— Jeff Collar

DRIVE 
PACESETTER

We work hard to ensure our suppliers' vision and policies for sustainability align with our own.

—Terry Borden, *Vice President, Procurement*

Supply Chain: Working Toward Sustainability

From corrugated packaging to latex to cornstarch and more, we rely on more than 10,000 manufacturing inputs to make our products. Working toward sustainability means looking beyond the walls of our facilities and into our supply chain—at the materials we use and the vendors who supply them.

A longtime leader in the use of certified fiber

In 2005, our paperboard mills in Lewiston and Cypress Bend received Forest Stewardship Council™ (FSC®) chain-of-custody certification through Scientific Certification Systems and the 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 ensure they meet the FSC's strict standards requirement for environmental stewardship, social sustainability and more. Twelve of our consumer products mills are chain-of-custody certified to FSC standards. Our two paperboard mills are dual certified to Sustainable Forestry Initiative (SFI) and FSC standards.



The mark of
responsible forestry



First to market with FSC-labeled products

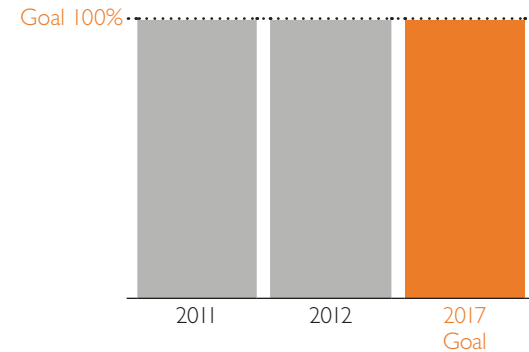
Our products reflect our commitment to buying fiber only from responsibly managed forests. We were the first U.S. company to offer a full line of FSC-certified paperboard products and the first retail grocery supplier to offer FSC-certified facial tissue. In 2011, we expanded our FSC-certified consumer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

Today, we offer FSC certification for ultra and premium bath and facial, ultra towels, premium napkins, and all of our recycled products.

Compliance with tough policies

Our supply-chain practices comply with some of the strictest environmental and human rights laws in the United States. We only use chemicals in our products that comply with California's Proposition 65, one of the most stringent environmental health laws in North America. We adhere to 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. We also comply with the Lacey Act, which prohibits trade in wildlife, fish and plants that have been illegally taken, possessed, transported or sold.

Procurement



In 2012, we continued to reach our goal of sourcing 100% of all fiber from certified and controlled sources.

Aligning suppliers with our values

We increasingly are working with suppliers to ensure their vision and policies for sustainability are aligned with our own. For example, key suppliers have confirmed that they comply with California's Transparency in Supply Chains Act. We query many suppliers as to their sustainability practices through our qualification and screening surveys.

Doing less with more in our packaging

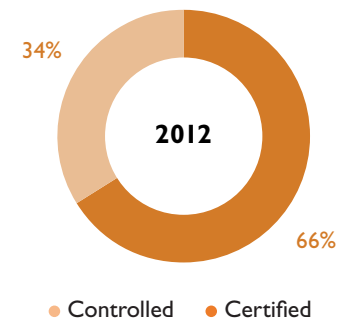
We are always looking for ways to make our packaging more sustainable. At the same time, our packaging must also protect our products during shipping and meet consumer expectations as to quality and aesthetics. Two examples of how we've made our packaging more efficient:

- 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 wrap we use as packaging for our bathroom tissue and paper towel products, finding new ways to get the same performance from less material.

Certified or Controlled Purchased Sources

We use only FSC-certified or FSC-controlled fiber in our mills. FSC-certified fiber comes from FSC-certified forests. FSC-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.

Facility	Status
• Cypress Bend	Certified
• East Hartford	Controlled
• Elwood	Certified
• Ladysmith	Certified
• Las Vegas	Certified
• Lewiston CPD	Certified
• Lewiston PPD	Controlled
• Lewiston PPD	Certified
• Long Island	Certified
• Menominee	Certified
• Natural Dam	Controlled
• Neenah	Certified
• Oklahoma City	Certified
• Shelby	Certified
• St. Catharines	Certified
• Thomaston	Certified
• Wiggins	Certified



Our Wood Fiber Sources Total (metric tons)

	Brazil	United States	Canada
Clearwater Paper (Produced)	N/A	760,000	N/A
Virgin Pulp (Purchased)	78,300	112,000	141,700
Recycled Pulp (Purchased)	N/A	121,000	N/A

Working safely is embedded in our culture. Our employees won't rest until we reach zero incidents at all of our facilities.

— Joy Ausman, *Director, Health and Safety*

Employee Health and Well-Being: Reaching for Zero Incidents

Sustainability—and our success—begins with the women and men who work at our facilities across North America. To protect them on the job, we have implemented a safety program that has resulted in hundreds of days without a recordable incident at several of our mills and an overall illness and injury rate that is below the industry average. Besides continuously improving our safety practices, we also strive to offer compensation and benefits that make working at Clearwater Paper rewarding in every respect.

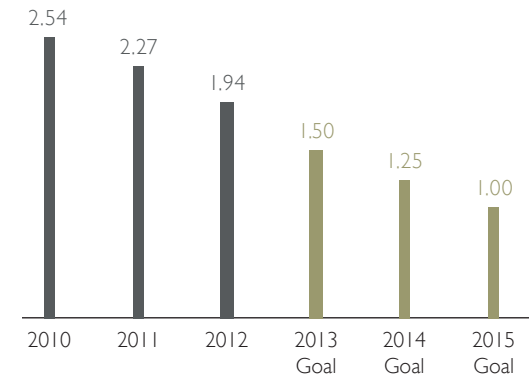
We are committed to being an industry leader in creating a safe workplace and ensuring compliance with applicable health and safety requirements. In our company, workplace health and safety are managed by experienced teams charged with ensuring every employee's well-being every working day. All of our facilities use

integrated safety processes to engage employees in striving for continuous improvement. We strive to protect not just our employees but also anyone present at our facilities and our neighbors in the communities in which we operate.

Tracking our progress

Our safety team has identified 40 Occupational Safety and Health Administration (OSHA)-related best practice categories based on regulatory and corporate safety standards. We track progress in each category by mill, and our safety teams review that data regularly. We have completed safety audits at all of our facilities and periodically review them. We conduct additional on-site safety audits at six plants each year. Exceptionally far-reaching or effective best practices discovered during the audits are documented and shared companywide.

Incident Rates



Wardell Wright
BST Facilitator and Safety Coordinator
Cypress Bend, Arkansas

Drove us forward by: Walking the floor at least three times a week to talk with employees and make safety observations. Due in part to his efforts and passion, the mill broke its all-time record for days without a recordable safety incident.

Our best year yet for safety

In 2012, we topped our 2011 safety record with an OSHA-recordable illness and injury rate of 1.94—the best rate we have ever achieved. Our progress moved us closer to our goal of reducing the rate to 1.0 by 2015. Meeting that goal is only possible with the commitment and mindfulness of our employees. Examples of employee contributions from across our company:

- Millwrights, roll grinders, electricians and machine-shop technicians at our Lewiston site joined together in a Kaizen event to solve a decades-old problem that resolved two safety concerns. By developing a way to produce more uniform and stackable pulp bales, the team greatly reduced the risk of injury from falling bales. The solution also eliminated the need for sheet-folding, a repetitive task with high potential for ergonomic injury. Our Lewiston team solved these problems with internal resources for nearly 90 percent less than estimated contractor costs.

- Because injuries from exposure to electricity make up a high number of OSHA-reported safety incidents, we have implemented companywide practices and protocols to protect employees from potential electrical dangers. Among other practices, we require special training for all employees and contractors who work in or around electrical machinery. Our 22-member cross-functional electrical safety committee holds quarterly conference calls to discuss best practices.

In 2012, we initiated a more hands-on approach by implementing several new safety measures, including three that are proactive rather than reactive. Our five key safety performance measurements now include:

- OSHA-recordable incident rate
- OSHA DART (days away, restricted and transferred) frequency rate
- The number of near-miss incidents that are reported and investigated

- Percentage of compliance, including regulatory and Clearwater Paper goals
- Percentage of workforce participation in safety activities

Promoting employee wellness

In addition to our safety programs, we also offer wellness programs to help employees make healthy lifestyle choices. Existing programs and programs under development include:

- **Health coaching.** Provides eligible employees with access to registered nurses who provide confidential assistance with health-care issues and navigation of the health-care 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 and referrals 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.

Currently, 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, rich history encompassing multiple generations of workers at many of our facilities. We have made it a priority to build 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; a commitment to quality; and a focus on customers.
- **Continuous improvement.** We believe there are always opportunities to raise the bar and get better. We engage our employees in improving both the business and their own performance.
- **Performance-driven.** We are focused on winning and on delivering results.

Talent management and retention

We recruit, develop and retain 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 also offer a comprehensive benefits package that assists in addressing employees' health, income security and retirement needs.

We have a long history of
working with our hometowns to
make our communities stronger.

— Matthew Van Vleet, *Vice President, Public Affairs*

Community: Making Our Hometowns Stronger

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 work and do business.

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 charitable 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 made up of Clearwater employees. The committees allocate our gifts based on an annual review of dozens of requests.

Matching gifts

We also offer a matching gift program that enhances our employees' giving to certain organizations. Our Matching Gifts for Education program encourages our employees to support accredited institutions of higher learning as well as qualified, tax-exempt secondary and elementary schools. We match employee and employee spouse contributions of \$25 or more dollar-for-dollar, up to \$1,500 per family per calendar year. At several of our locations, we also match employee gifts to United Way at 50 cents on the dollar.

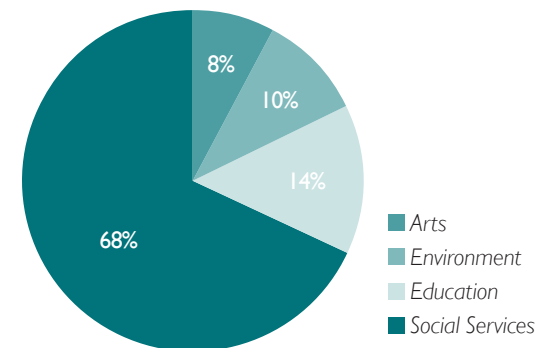
How we helped in 2013

Throughout the year, we helped strengthen our communities in a number of ways, including:

Helping with tornado relief in Oklahoma

After tornadoes devastated parts of Oklahoma during two days in May 2013, we donated four truckloads of tissue products to Feed the Children, a local charitable organization. We also donated cash to a local chapter of the American Red Cross and tissue products to a food bank.

Charitable Contributions in the Four Areas of Giving



Rod Streeper, offline printer operator, and Jonathan Jolley, BHT4 operator, move mulch into the new playground area on the second day of the project.



Ben Johnson

Director of Systems and Programming
Spokane, Washington

Drove us forward by: Helping to implement Project 1Way, a companywide effort to standardize business processes and implement a common enterprise resource planning system with business procedures to match.

Building a new playground for Shelby Boys & Girls Club

Twenty-three employees from our Shelby tissue facility helped assemble play equipment, install security fencing and improve landscaping during two days of service. Shelby employees also continued to support a backpack program operated by Communities in Schools. Through the program, funds donated by our company support the purchase of backpacks for students in need. The backpacks are filled with school supplies purchased in part with personal donations from our employees.

Cleaning up the Hockanum riverbank

Our East Hartford tissue facility sits on the south bank of the Hockanum, a tributary of the Connecticut River. The mill offers a clear view of the north riverbank, which regularly becomes cluttered with garbage from nearby roads. Twice a year for the past 25 years, East Hartford employees have walked the bank during scheduled maintenance downtime, removing litter. Their efforts improve the view and the fragile ecology of the river as well.

Preserving historical images in Cypress Bend

A contribution from our Cypress Bend charitable contributions committee helped preserve historical film shot in the area during the last century. Invaluable footage of community events were converted to DVD for the Desha County Museum, which will exhibit the footage.

Connecting kids with nature in Elwood

The Elwood Children's Garden is a place where kids can play outside and test their green thumbs by growing fruits and vegetables. Our Elwood, Illinois, employees helped spruce up the garden by trimming hedges, edging pathways, spreading compost and laying new brick paths. When the weather turns cold, our Elwood personnel turn to a different giving tradition: a coat drive for the Salvation Army, which they have taken part in since 2004.

Helping to fill pantries in Las Vegas

A gift from employees enabled a local food bank to provide approximately 12,000 meals.

Restoring a vital creek in Lewiston

Through volunteer time and a cash donation, Lewiston employees helped the Palouse-Clearwater Environmental Institute in its ongoing effort to restore nearby Lindsay Creek, an important tributary of the Clearwater River. Employees spent hundreds of hours planting trees, weeding and cleaning up 600 feet of stream bank. Twice a year, Lewiston employees also volunteer to clean up litter along the half-mile road leading to the mill.

Serving the community in Spokane

Employees at our corporate headquarters donate time to various local organizations, serve on charitable boards and contribute to our annual United Way campaign.

DRIVE insight:

"This project isn't just about new software. It's about business processes and running the company more efficiently. Everyone has a stake in that." — Ben Johnson



We promote strong ethical behavior in everything we do. We build a culture of integrity by holding employees, management and directors to a high standard of business and moral principles.

— Michael Gadd, *Senior Vice President, General Counsel*

Governance and Ethics: Doing Business with Integrity

Our corporate governance program sets standards for professional conduct and helps guide our officers, directors and employees in carrying out their responsibilities. Our complete governance and ethics policies can be found online at clearwaterpaper.com.

Our board of directors

As a publicly held company, we are governed by a board of directors that oversees our company's management and provides policy guidance on our business and affairs. The standing committees of the board are audit, compensation, and nominating and governance.

Director independence

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 sessions 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 ensure public confidence in our company. The company's corporate governance guidelines may be found on our website, at <http://ir.clearwaterpaper.com/governance.cfm>.

In addition, all standing committees of the board operate under charters that outline the responsibilities and practices of each committee. The charters of the committees also may be found on our 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 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, Shelby,
St. Catharines, Wiggins

Annual Sales

\$1.9 billion*

Number of Employees

3,800*

Annual Companywide Payroll

\$270 million*

* Statistics are approximate and may change from year to year.



Clearwater Paper Corporation
601 West Riverside Avenue, Suite 1100
Spokane, WA 99201
www.clearwaterpaper.com