

**Clearwater Paper Corporation**  
2015 Corporate Social Responsibility Report  
2013|2014 Data

## **A. Overview & Highlights**

This Corporate Social Responsibility (CSR) Report is a reflection of the combined calendar years 2013 and 2014. In those two years Clearwater Paper has undergone significant changes to our facilities, including the sale or closure of seven plants and the start-up of one new tissue machine. Because of these significant changes in our facilities make-up, we consider this a bridge report capturing sustainability information for this period of transition.

At Clearwater Paper, we know creating a sustainable world requires every employee, facility and the company to do its part, just like building a successful business requires every piece in place and performing at a high level. 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 — everyone, every day. With this combined two-year report, we are taking a leap forward in our mission to solidify our sustainability program and fully define our performance initiatives.

## **A.1 President & Chief Executive Officer Letter**

Shareholders, colleagues and friends,

Since Clearwater Paper's founding in 2008, operating sustainably and safely have been primary areas of focus for all of our employees. We continue that focus and commitment and share with you the latest update of our progress through this report.

In 2012, we embarked on a new path in our sustainability journey by publishing our first Corporate Social Responsibility report (CSR). We then set the bar high and began developing systematic processes to better capture and report progress toward our goals. In past years we have expanded and sharpened those processes with the objectives of more efficiently tracking and capturing good data to map our progress. The new methodologies have been especially important to maintain good tracking through times of change in our facility make-up.

This year's report highlights our progress toward targets and resets some goals to keep our metrics relevant with our changing company. We truly believe that sustainability is a journey, and in many ways a journey that never ends.

Thank you for your interest in Clearwater Paper and thanks to our employees who work hard every day so we can reach our sustainability goals.

Linda Massman

President and Chief Executive Officer

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**A.3 Company Profile**

Clearwater Paper Corporation (NYSE:CLW) manufactures quality consumer tissue, away-from-home tissue, parent roll tissue, bleached paperboard and pulp at manufacturing facilities across the nation. Headquartered in Spokane, Washington, Clearwater Paper operates multiple facilities and offices employing people across the United States.

### A.3.1 Mission

Clearwater Paper creates quality products and innovative solutions, enabling customers to achieve sustainable success. Our core values are:

- Indispensable to customers
- Sustainable to the world
- Responsible to our employees and communities
- Value creators for our investors
- Making a difference in the communities where we operate

### A.3.2 Environmental Health & Safety Policy

*Environmental stewardship and workplace health and safety are integral components of how we do business. Our relationships with shareholders, employees, customers, contractors and suppliers depend upon our effective implementation of the commitments summarized below.*

#### *Corporate Statement on Environmental Stewardship and Compliance*

Clearwater Paper's management is dedicated to environmental stewardship and compliance. Environmental compliance is actively managed in our facilities by experienced professional teams charged with implementation of procedures and practices to operate within regulatory requirements and minimize the impact of our operations.

Energy use and efficiency practices are a key component of our environmental stewardship. Clearwater Paper is committed to the efficient use of energy in our facilities through the implementation of energy conservation practices, the use of self-generated fuels and the conversion of thermal energy to electrical energy when practical. As these practices increase, our impact on environment can decrease. For example, like other facilities in our industry, much of our manufacturing energy demand at our Lewiston, Idaho, complex is met through combustion of renewable woody biomass and alternative fuels derived from biomass, which unlike fossil fuel is considered to have a carbon neutral effect on climate change.

### *A companywide commitment to sustainability and compliance*

We are committed to operating a company that is both economically and environmentally sustainable. That is why we continually consider the long-term effects of our work—from the use of raw materials to operation of our facilities. It is why we strive to meet or exceed the complex and stringent environmental regulations that govern our facilities. It also is why we invest substantial resources in efforts to reduce our environmental impact. We never claim to have all the answers, and we always believe sustainability is a journey rather than a destination. We are committed to minimizing our impact on the environment in a way that is forward-thinking.

#### **A.3.3 Our Sustainability Policy**

Business activities at Clearwater Paper consider and value current and future impacts of obtaining our raw materials and operating our facilities. We will evaluate and manage the long-term impacts of our decisions as we meet our customers' requirements for tissue, paperboard and pulp products.

#### **A.3.4 Compliance Commitment**

Clearwater Paper's manufacturing facilities are highly regulated by federal, state and local requirements designed to protect the environment and to create healthy and safe workplaces. Compliance with environmental and safety requirements is a fundamental commitment and obligation of our company.

Our compliance commitment is manifested in a compliance program that tracks applicable requirements, routinely assesses compliance status, and identifies areas for continuous improvement. Managers are responsible and accountable for implementation of effective systems, procedures and training to achieve this compliance commitment. Our environmental and safety teams periodically perform internal audits of our compliance status and external reviewers perform environmental audits of our compliance status.

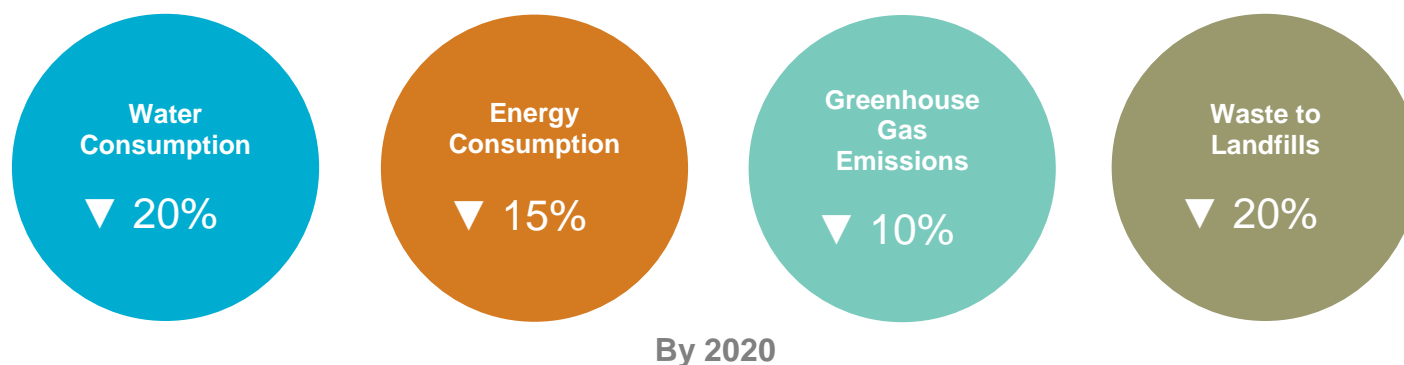
Our compliance commitment includes the responsibility to detect, correct and try to prevent any deviation from environmental, health or safety requirements. We require prompt reporting of deviations to enable swift correction and effective prevention. Communication, consistency and collaboration among our facilities are essential tools for success.

## B. Performance

At Clearwater Paper, our environmental performance is a top priority that we strive to improve. We monitor our performance data throughout the year and use it to develop better systems and reduce our impact. As we move forward with our sustainability efforts, we can see our short-term goals coming to life.

### B.1 Goals

In 2012, we set our first sustainability goals. We are now extending those goals to 2020 and have revised the greenhouse gas emission goal to reflect the seven divested or closed facilities. Our baseline will be updated in our next report by removing the divested and closed sites and including our Shelby facility, which began full operation in 2013.



Our 2020 goals include specific targets for reductions in water consumption, energy use, greenhouse gas emissions and manufacturing solid waste. As we move towards developing our sustainability program into a stronger, more robust system, working to achieve these new goals is imperative for us as a company dedicated to sustainability.

By the end of 2013, we were ready to measure our performance against our initial target goals. We were encouraged by the progress we made and it sparked our enthusiasm for continued success. That progress continued into 2014, with significant reductions in solid waste being the stand-out performance indicator reduction.

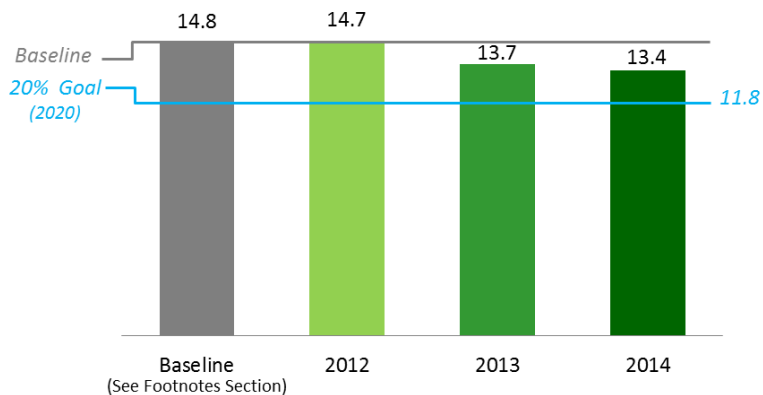
## B.2 Environment

At Clearwater Paper, environmental stewardship is part of our daily culture. We are committed to environmental reduction impacts.

### B.2.1 Water

#### Total Water Consumption

*(thousands of gallons per ton of paper production)*



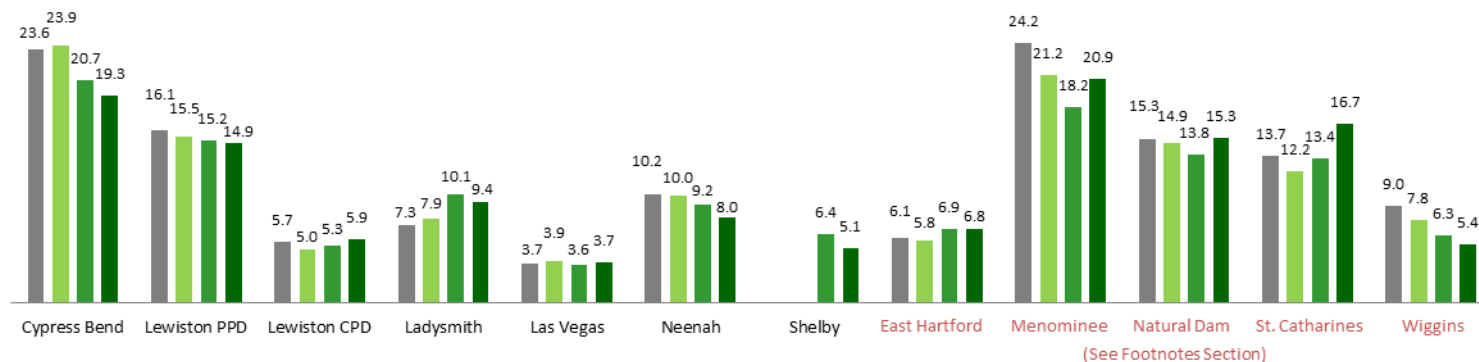
Our water consumption varies based on the type of manufacturing at each facility. While some facilities require little to no water for their operations, others depend upon millions of gallons per day. Reducing the amount of water we utilize is not just water conservation, it also reduces energy and resource consumption associated with water use and treatment during our manufacturing processes. When we reduce water consumption, we reduce consumption in many areas. When we set our goal of a 20 percent reduction, we knew it would be a challenge. Throughout 2013 and 2014 we continued to work towards this goal. In August 2013, we hosted a continuous improvement activity on water use and conservation at our Lewiston, Idaho, facility. Employees from across our company attended the event and contributed hundreds of ideas on how we can reduce our water use at the Lewiston facility. As a result, we reduced



overall water consumption at the facility by almost half a million gallons per day. By the end of 2014, the Lewiston pulp and paperboard facility has seen a 7 percent reduction in water consumption.

**Facility Water Consumption** (thousands of gallons per ton of paper production)

■ Baseline ■ 2012 ■ 2013 ■ 2014



The first full year of operation of the tissue machine at our Shelby, North Carolina, facility was 2013. This was a significant step for us as we saw our water consumption at this location stabilize after start-up. Two recent examples of water reduction projects at our Shelby facility are:

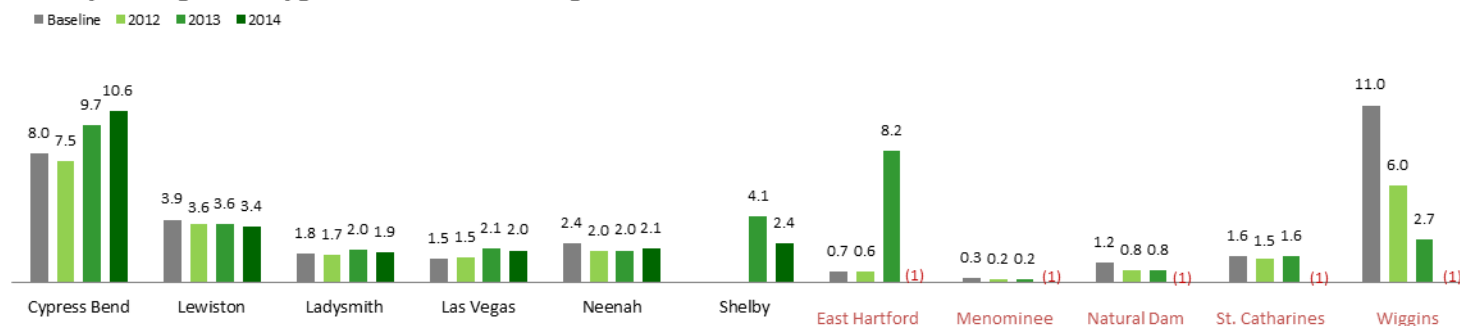
1. The facility's pump seal water was changed from clean water to reclaimed water from the facility cooling water systems. The estimated water savings for this project is approximately 42 million gallons annually.
2. Pump packing design was changed to allow significantly less water use. This water savings for this project is approximately 20 million gallons annually.

Throughout 2013 and 2014 we have also implemented various water reduction measures and began engineering studies on long-term process efficiency at all of our sites. We continue to look at ways to reduce our water use at all sites. Reducing our water consumption is a priority for us and is a performance category we are constantly working to improve upon.

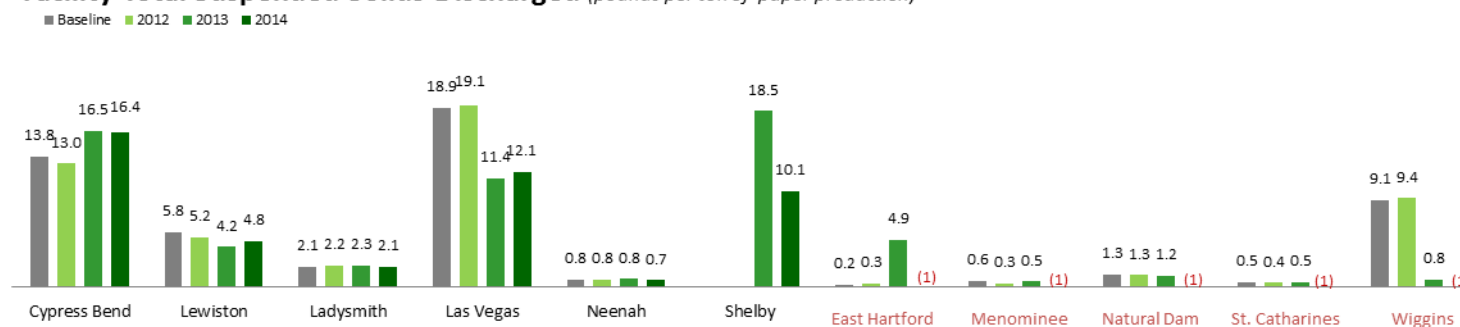
## B.2.2 Wastewater Treatment

Just like water consumption, our wastewater treatment varies by facility. Our facilities that consume and treat water rely on nearby rivers and water supplies for our processes. We treat our wastewater to stringent regulatory standards. Maintaining discharge levels below standards is a principal we are committed to meeting on a constant basis. Wastewater quality is tested frequently at our discharge facilities, and at many locations it is checked continuously. We are currently evaluating our wastewater program and working to establish long-term treatment goals using our own high standards and those of various regulatory requirements.

**Facility Biological Oxygen Demand Discharged** (pounds per ton of paper production)



**Facility Total Suspended Solids Discharged** (pounds per ton of paper production)

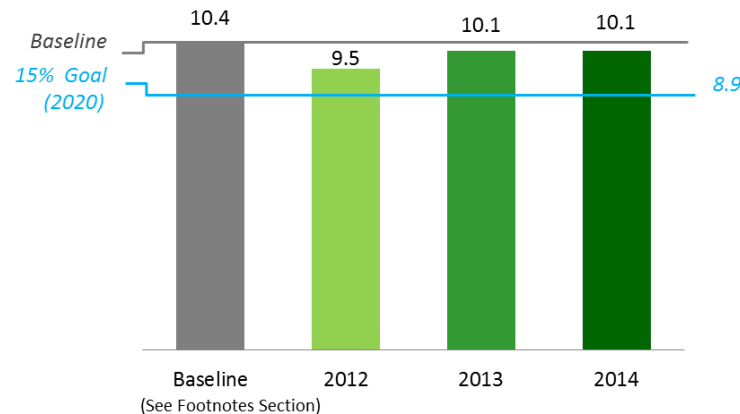


(1) East Hartford/Menominee/Natural Dam/St. Catharines/Wiggins: facilities included in reporting period, but no longer part of Clearwater Paper due to divestiture in December, 2014; no data available for BOD & TSS. BOD and TSS 2013 intensities were used for 2014.

### B.2.3 Energy

#### Total Energy Consumed

(MMBTU per ton of total production)



Energy management is an integral component of how we run our business as well as how we compete in an industry that hinges on resource consumption and efficiency. Any opportunity that we can find to reduce energy consumption is an opportunity to gain a competitive edge.

One of the ways we aim to reduce energy consumption is through the use of combined heat and power systems at our production facilities. These systems simultaneously generate electricity and heat while reducing greenhouse gas emissions. Such systems have been deployed and incorporated into our facilities at Lewiston, Idaho, and Cypress Bend, Arkansas. As we move forward with our commitment to energy reduction, we are evaluating the implementation of similar energy saving systems at our other facilities. This could allow us to transition into additional natural gas and biomass-fueled operations in order to further reduce our dependence on coal and oil-based energy.

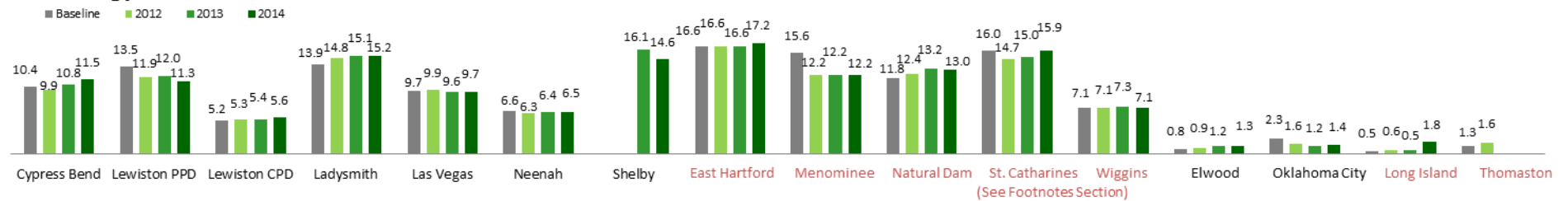
Each facility evaluates energy use and identifies reduction projects to help meet reduction goals. The Lewiston site has realized an energy reduction of 17 percent from baseline. Examples of 2014 energy reduction projects from Lewiston include:

1. Installation of a sawdust liquor heat exchanger

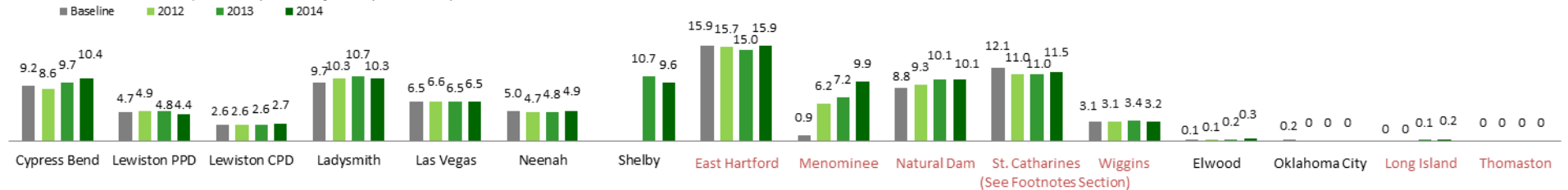
2. Installation of a fabric seal in the power boiler to improve the operating efficiency
3. Installation of a lime kiln cooling control system to reduce water and natural gas use
4. Lower temperature set points for the facility white water system

We have reduced our energy consumption for some facilities, however, we have not made gains towards our energy goals.

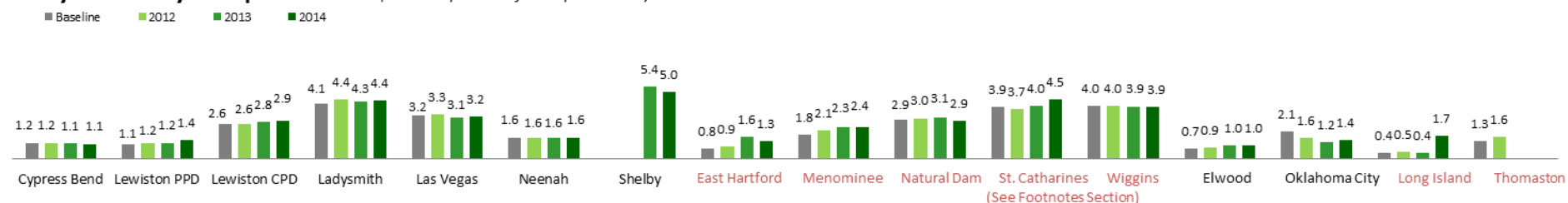
**Total Energy Consumed** (MMBTU per ton of total production)



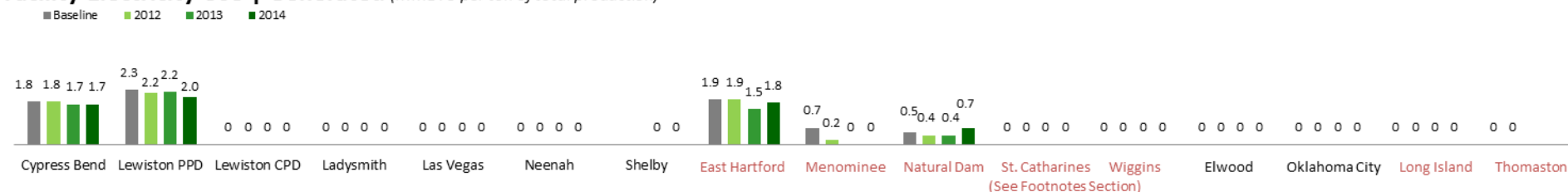
**Natural Gas Use** (MMBTU per ton of total production)



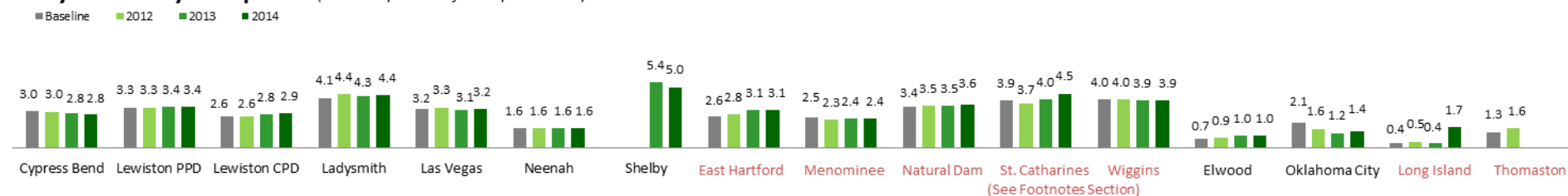
## Facility Electricity Use | Purchased (MMBTU per ton of total production)



## Facility Electricity Use | Generated (MMBTU per ton of total production)



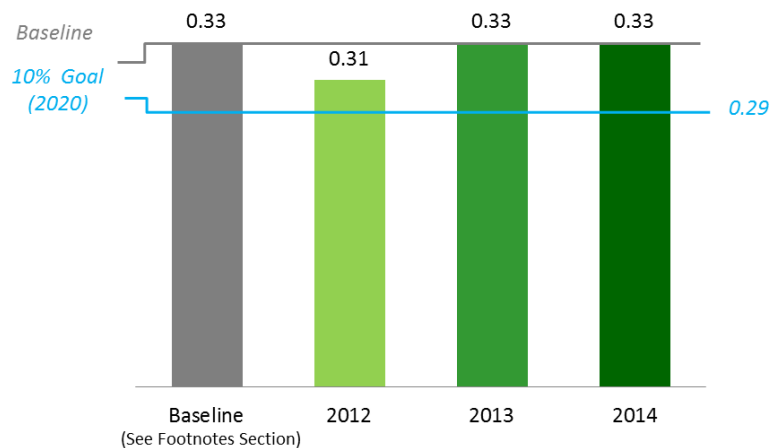
## Facility Electricity Use | Total (MMBTU per ton of total production)



## B.2.4 Greenhouse Gas Emissions

### Total Green House Gas Emissions

(tonnes per ton of total production)

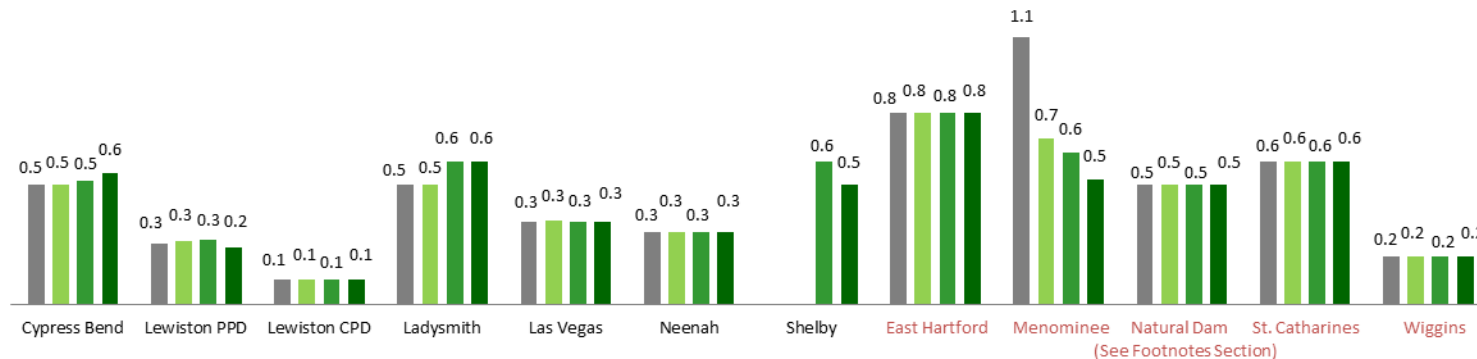


During the past two years Clearwater Paper has gone through significant structural change. Such change is reflected in our greenhouse gas (GHG) emissions in 2013 and 2014. Upon our Shelby, North Carolina, facility becoming fully operational in 2013, our GHG emissions increased. This increase continued into 2014 along with ongoing production improvements at Shelby.

Because of the sale or closure of a number of our facilities since 2012, plus the full startup of our Shelby facility, we have revised our GHG reduction goal and will start tracking GHG emissions from purchased electricity (Scope 2) in 2015 and also incorporate the Scope 2 emissions in our overall reduction emission goal.

### Green House Gas Emissions *(tonnes per ton of total production)*

■ Baseline ■ 2012 ■ 2013 ■ 2014

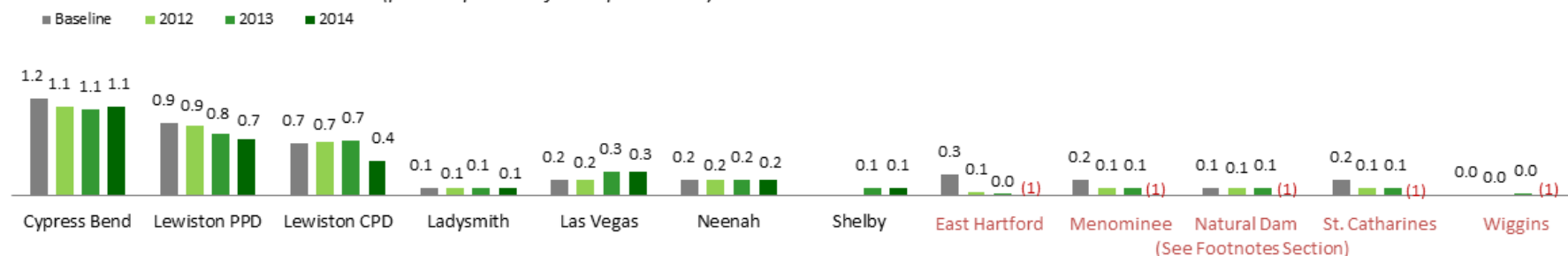


### B.2.5 Air Quality

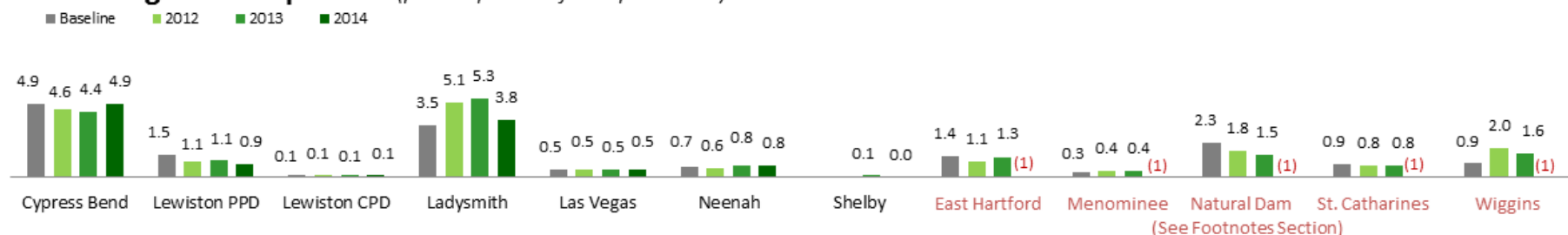
Air quality and air emissions are closely monitored at each of our facilities. We follow strict standards set by state and federal agencies, as well as our own quality guidelines, for particulate matter (PM), nitrogen oxides (NO<sub>x</sub>), volatile organic compounds (VOCs) and sulfur compounds that result from processes at our facilities. Because we generate on-site electricity at two of our facilities, the air emissions we produce are a combined result of our manufacturing and our energy generation.

While we do not currently have a stated goal for reducing these types of emissions, we monitor them closely, measuring against strict regulatory requirements and our own high standards as well as industry benchmarks. Since our baseline year, our efforts to improve air quality have resulted in a drop in PM emissions of nearly 20 percent, with corresponding reductions in NO<sub>x</sub> and total air emissions approaching 10 percent. We have also seen modest improvements in our VOC emissions during this time.

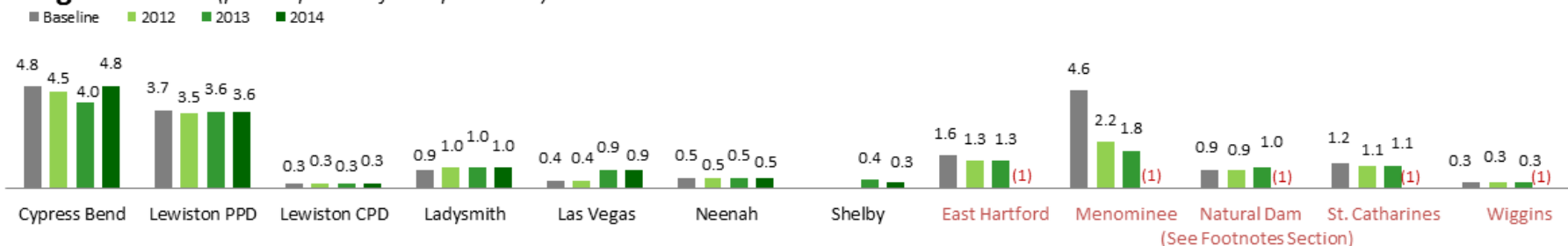
## Facilities Particulate Matter *(pounds per ton of total production)*



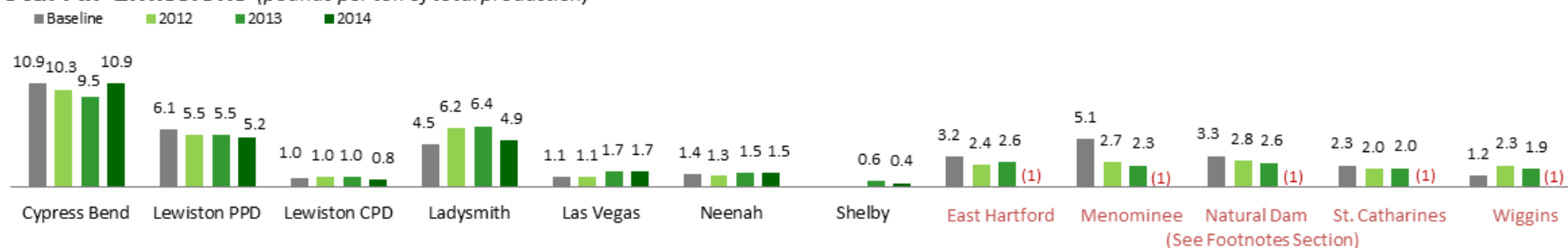
## Volatile Organic Compounds *(pounds per ton of total production)*



## Nitrogen Oxides *(pounds per ton of total production)*



## Total Air Emissions *(pounds per ton of total production)*

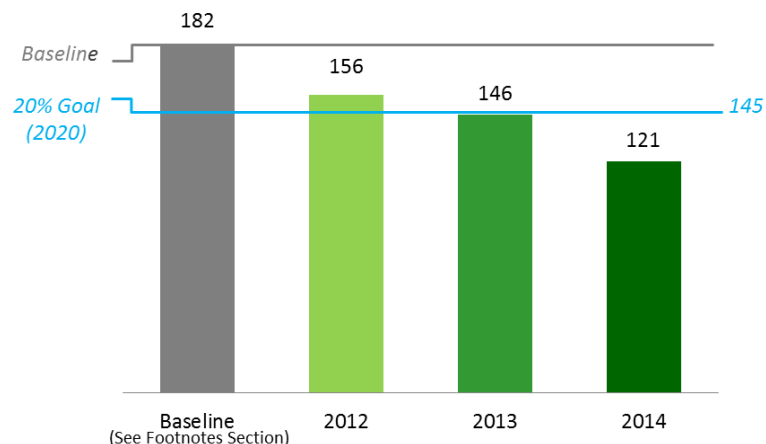




## B.2.6 Solid Waste

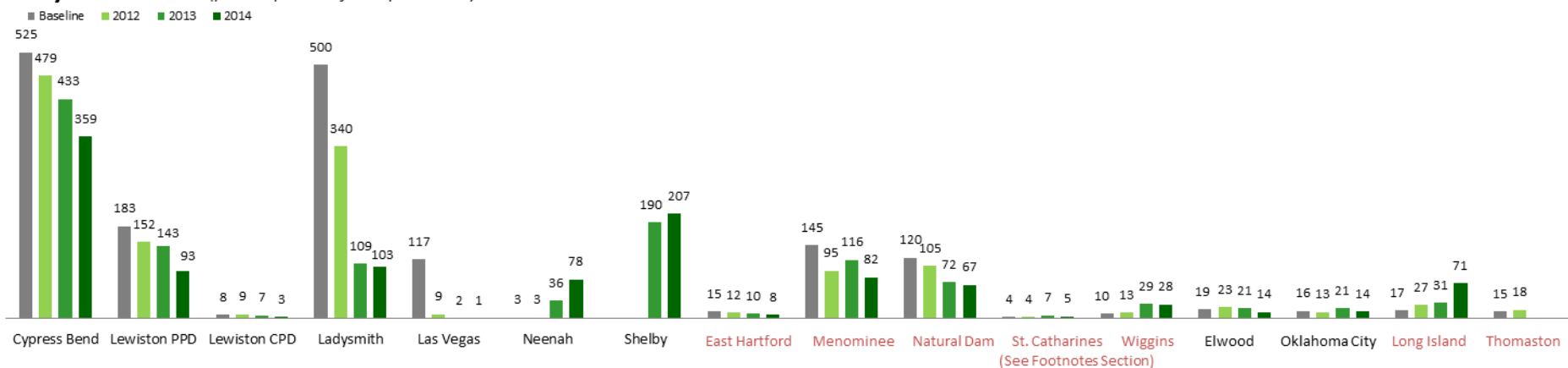
### Total Solid Waste

(pounds per ton of total production)



Our industry faces the constant challenge of waste production and disposal. At Clearwater Paper, we strive to reduce and reuse as much waste as we can. Such waste includes wood ash and organic matter that results from the pulping process. Our efforts have resulted in significant reductions in total solid waste, which has allowed us to meet our 20 percent reduction goal by achieving a 33 percent reduction in landfill solid manufacturing waste from our baseline year. However, we do not intend to rest on our laurels with that initial success and will continue to reduce our waste. For example, in 2014 our Cypress Bend, Arkansas, facility installed a flash dryer on its lime kiln. This project enabled the site to re-calcine lime, significantly reducing the amount of lime mud sent to landfill. This project will continue to have additional reduction impacts into 2015.

## Facility Solid Waste (pounds per ton of total production)



### B.3 Our Products

The company is a premier supplier of private label tissue to major retailers and wholesale distributors, including grocery, drug, mass merchants and discount stores. In addition, paperboard customers convert Clearwater Paper's board into a variety of products including liquid packaging and folded cartons for food products, pharmaceuticals, paper cups and plates, blister packaging and other consumer goods.

#### B.3.1 Supply Chain

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 facilities in Lewiston and Cypress Bend received Forest Stewardship Council™ (FSC®) chain-of-custody certification. FSC certification signifies that the wood fiber used in a facility 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. All of our current consumer products facilities are chain-of-custody certified to FSC standards. Our two paperboard facilities are dual certified to Sustainable Forestry Initiative (SFI) and FSC standards. Our products reflect our commitment to buying fiber only from responsibly managed forests.

### *First to market with FSC-labeled products*

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 strict environmental and human rights laws in the United States. We monitor the chemicals used in our products to ensure compliance 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.

### *Aligning suppliers with our values*

We work 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 about 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.

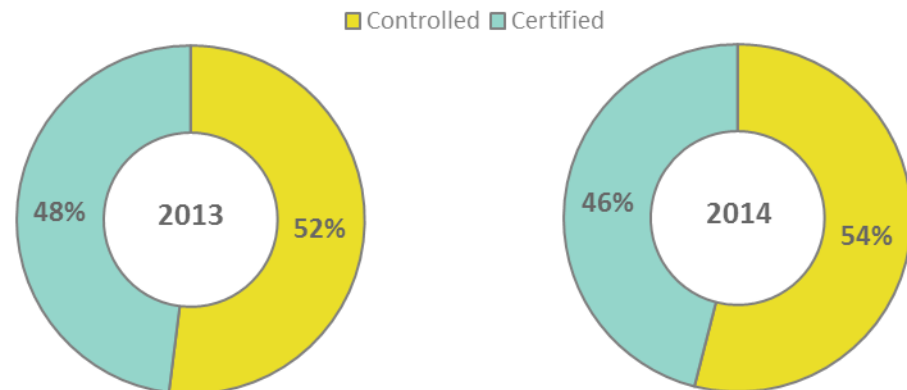
### B.3.2 Fiber Sourcing

We currently use certified or controlled fiber in our facilities. Certified fiber comes from certified forests. Controlled fiber comes from known sources that we audit and which meet strict standards. None of our facilities accept “gatewood” or fiber from unknown or uncertified sources.

#### Certified or Controlled Purchased Sources

• Cypress Bend	Certified
• East Hartford	Controlled
• Elwood	Certified
• Ladysmith	Certified
• Las Vegas	Certified
• Lewiston CPD	Certified
• 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

*See Footnotes Section*



### Our Wood Fiber Sources Total (metric tons)

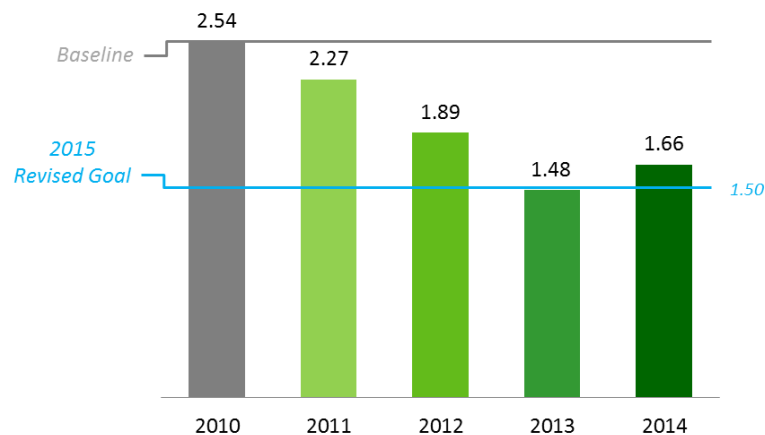
	Brazil		United States		Canada	
	2013	2014	2013	2014	2013	2014
<b>Clearwater Paper</b> (Produced)	N/A	N/A	740,000	757,000	N/A	N/A
<b>Virgin Pulp</b> (Purchased)	95,000	70,500	83,200	74,000	172,800	201,400
<b>Recycled Pulp</b> (Purchased)	0	0	88,400	109,900	3,800	2,600

## B.4 People

Clearwater Paper has a long history of working with our hometowns to make our communities stronger. This is reflected in our community outreach and our steadfast commitment to worker safety.

### B.4.1 Safety

#### Incident Rates



#### **B.4.1.1 Our Safety Program**

The women and men who work at our offices and facilities are the fuel to our success and momentum moving forward. Providing employees with a healthy and safe work environment is not only our obligation, but our passion as well. Our overall injury rate is below our industry average, and we have implemented successful efforts that have produced hundreds of incident-free days at our combined facilities throughout 2013 and 2014. Our safety goal, however, is still not met, and won't be fully realized until we have no incidents.

As part of our commitment to be an industry leader, we provide our workers with compensation and benefits that make working at Clearwater Paper a fulfilling and safe career opportunity and not just a job. Our safety teams manage and evaluate our safety programs and performance. With years of experience at their fingertips, we are confident in their ability to ensure employee's safety every working day. Safety for our employees and anyone visiting our facilities is our top priority. We utilize an integrated safety system at our facilities that engages employees and encourages them to continuously improve their safety performance.

#### **B.4.1.2 Our Safety Performance**

Our safety team has targeted 42 Occupational Safety and Health Administration (OSHA)-related best practice categories based on regulatory and corporate safety standards. We track and evaluate our progress in each category on a facility basis, and our safety teams review that data regularly. We conduct safety audits at all of our facilities and perform executive reviews on the results of the audits in order to identify unsafe conditions or hazards. We conduct additional on-site safety audits at all facilities biennially. Effective practices discovered during the audits are documented and shared companywide.

#### **B.4.2 Community Outreach & Charitable Contributions**

Clearwater Paper enjoys active involvement in the communities in which we operate. The towns and cities where we work are the same communities where our families live. Contributions to our communities improve the quality of life for everyone. As part of that commitment, Clearwater Paper supports organizations and causes—through charitable giving and employee volunteers—that have a broad positive effect and touch many lives in the local community, including schools, food banks and hospitals. Some examples include:

### ***Shelby's Backpack Program***

Our Shelby facility employees teamed up with Communities in Schools, an educational-based charity, to develop an annual student backpack program. Funds donated by the company purchase the backpacks. Employees donate funds to purchase school supplies that are used to fill the backpacks.

*"This program gives employees the opportunity to personally become involved with a local charity and voluntarily provide supplies and services that our community greatly needs. The most rewarding part is seeing the gratitude expressed by the receiving organization for positively impacting kids' lives," Joel Roff, HR manager and charitable contributions committee chair at Shelby.*

### ***Lewiston Employees Serve the Community***

In 2014, 52 Lewiston employees joined together to participate in a national United Way campaign, called Day of Caring, which focuses on helping other local charitable organizations serve people in the community who need extra assistance.

"A lot of United Way's success in Lewiston is due to Clearwater Paper's involvement," explains Twin County United Way's Executive Director Layci Peer. "Time and time again, Clearwater Paper has supported this community and our efforts to improve it. We have a great relationship."

Company volunteers participated in 15 different projects across the Lewis-Clark Valley helping to prepare and deliver meals; deep-clean family homes; weed and clean up yards; package and sort foods; paint and stain decks and fences; and repair leaking roofs.

*"It was an amazing experience. This was my first time volunteering for United Way's Day of Caring. It is extremely rewarding to serve others who need assistance and feel their appreciation. It was definitely an experience worth doing, which I plan to again for many years to come," Amber Howard, Lewiston safety coordinator.*

### ***Elwood Children's Garden***

Elwood employees participated in a service project for a local charity called Elwood Children's Garden. The organization — run by mostly adult volunteers — provides a themed garden area for children to enjoy nature, play, and learn to grow, manage and harvest vegetable and fruit gardens.



"I enjoy participating in these kinds of projects. It is a wonderful feeling to help create a safe place for children to play and learn valuable skills — like growing a garden," Steve Murphy, traffic scheduler.

Employees trimmed hedges, edged pathways, spread garden compost and laid new brick pathways through the charity's gardens.

"It feels good to represent the company doing community service. We are honored to give back a portion of our time to the sustainability of our community," Tonya DaRocha, senior HR manager at Elwood.

### **B.4.3 Governance & Ethics**

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

#### *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 of each committee. The charters of the committees are also available 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.

## Footnotes

Total Production: products from paper and converting facilities

Baseline: Average of 2010 & 2011 values. OKC facility start-up in 2010; therefore the first full year of production in 2011 represents baseline. Note: All Menominee baselines were previously reported as 2010 and Lewiston PPD Energy and Greenhouse Gas Emission baselines were previously reported as 2011. Both baselines are now reported as 2010 & 2011 averages.

Lewiston PPD and Cypress Bend production numbers have been updated to gross production for 2010-2014 to account for re-pulped production.

Shelby: facility start-up in 2012; therefore the first full year of production in 2013 represents the baseline

East Hartford/Menominee/Natural Dam/St. Catharines/Wiggins: facilities included in reporting period, but no longer part of Clearwater Paper due to divestiture in December, 2014. Long Island/Thomaston: facilities closed in February, 2014 and October, 2013, respectively.