INVESTING IN THE FUTURE

2017 Corporate Social Responsibility Report







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From our President and Chief Executive Officer

To our Shareholders, Employees, Colleagues and Communities in which we operate:

Being a responsible business is all about making commitments and taking action to meet those commitments. Commitments and action also mean investment—investment in environmental sustainability and social responsibility inside our mills, facilities and surrounding communities.



Sustainability has been a focus for Clearwater Paper and our predecessor company–before our spinoff in 2008–for more than 100 years. In 2012, we established a set of ambitious long-term goals to reduce our environmental impact. To meet these goals, we realized a significant financial investment was needed. In addition to regular capital allocations, we committed \$10 million in incremental capital funds in 2015 and 2016 to fund individual energy and water reduction programs and new, energy-efficient technologies across our facilities.

On a much larger scale, we have completed a \$160 million investment in a new continuous pulp digester at our largest facility located in Lewiston, Idaho. This project will help to significantly reduce cost, energy consumption and associated emissions. It will also improve operations through increased pulp quality and production and lower costs through more efficient utilization of wood chips.



We continue to prioritize the safety of our employees above all else with a broader emphasis on proactive identification and control of risks. We have also made strides in contributing to the strength and resilience of the local communities in which we operate across the U.S.

There is more work to be done, but one thing is certain, we will continue to persevere with a sharp focus on reducing our environmental impact while making positive contributions to the lives of our employees, local communities and our bottom line. This focus will require the determination and dedication of all of us at Clearwater Paper and continued investments in the future sustainability of our business, communities and the environment.

I encourage you to read our report and welcome your feedback on how you believe we are doing and what we can do to improve in the future.

Linda K. Massman,

President and Chief Executive Officer



2017 CSR HIGHLIGHTS

OUR OPERATIONS

Reduced volatile organic compound emissions by



Saved **I** million gallons

of water a day at our Lewiston facility

Honored as a Rainforest Alliance 2016 **Sustainable** Standard-Setter



Became at our Las Vegas facility

Invested

\$160 million

in a new digester that will help toward reducing energy use and associated greenhouse gas emissions

Named a **Pollution Prevention**



OUR PEOPLE

Launched Leadership **Development** courses

to enable a stronger management team

Launched **EHS** Excellence,

a comprehensive approach to managing environmental health and safety

OUR COMMUNIT

Contributed our final \$25,000 installment of a

\$100,000 donation

toward construction of the new Lewiston Library

Partnered with

Communities in Schools

at our Shelby facility. a national organization empowering at-risk students to stay in school

Donated \$200,000

to Idaho's Twin **County United**

Way with the help



Provided major

in-kind and cash donations

to community organizations such as Red Cross and Second Harvest following natural disasters

OUR GOALS

Since establishing our sustainability baselines, we've continued to make incremental improvements toward our 2020 goals.

Decreased energy consumption by 3 % working towards goal of 15%



Reduced greenhouse gas emissions by

working towards goal of 10%



Reduced waste-to-landfill by **68%**

far surpassing goal of 20%



Decreased water consumption by 10%

working towards goal of 20%

About This Report

We are committed to providing a Corporate Social Responsibility (CSR) Report that is transparent, understandable, consistent and reliable.

This CSR Report reflects the combined calendar years of 2015 and 2016. Our 2015 CSR Report was the last publication and is available at www.clearwaterpaper.com/ environmental-performance/csr. The content and data included in this report focus on four priority sections: Products, Operations & Supply Chain, People and Community.

This report was prepared in accordance with the <u>Global Reporting Initiative (GRI) G4</u>, at the Core level. The GRI is the most widely accepted global standard for sustainability reporting that allows companies to measure, evaluate and communicate corporate responsibility information in a consistent and comparable manner.

We encourage open dialogue and feedback that can help to inform and improve our sustainability performance. The contact for this report is Matt Van Vleet, vice president of public affairs, who can be reached at csr@clearwaterpaper.com.



About Clearwater Paper

Clearwater Paper Corp. (NYSE:CLW) was founded in 2008, following a spinoff from Potlatch Corporation. We are the country's largest publicly traded provider of private label tissue and a world-class manufacturer of high-quality bleached paperboard.

We are more than just a paper manufacturer
—we are a company built on a long, rich history
encompassing multiple generations of workers
at many of our facilities and mills. Sustainability
has always been woven into the fiber of our
culture as we work each day to reduce our
environmental impacts. Additionally, we are
a committed community member in every region
in which we operate.

With headquarters located in Spokane, Washington, the company operates multiple manufacturing facilities throughout the U.S. At the end of 2016, we employed approximately 3,370 people. Revenues in 2016 were \$1.73 billion.



Our Leadership

Our corporate governance sets standards of conduct and helps guide our officers, directors and employees in carrying out their responsibilities. Our governance and ethics policies can be found online at <u>ir.clearwaterpaper.com/governance.cfm</u>.

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

Our board believes that it will best serve our stockholders if the majority of its members are independent. Our board regularly meets in executive session without members of management present, and each standing committee of the board meets in executive sessions regularly. Our directors are also invited to attend the meetings of committees of which they are not members and regularly do so. In addition, all standing board committees operate under charters that outline the responsibilities of each committee. The charters of the committees are also available at <u>ir.clearwaterpaper.com/governance.cfm</u>.



Our Code of Ethics

Clearwater Paper has adopted a code of business conduct and ethics, which can be found on our website at ir.clearwaterpaper. com/governance.cfm. This code provides ethical standards and corporate policies that apply to 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.

Our Core Values

Our core values are a set of key characteristics and behaviors that define our culture. They establish expectations for behavior toward each other and others outside of the company. The core values also provide a roadmap for how we operate and allow us to find

prospective employees that have the same values.

Core Values:

Character

We treat each other with respect, build and sustain relationships. We hold ourselves and others to the highest level of integrity. We ensure actions and behaviors are consistent with our words.

Collaboration

We promote inclusion and diversity. We strengthen others by sharing knowledge and insights. We encourage and support innovation.

Commitment

We make and meet commitments. We recognize when to disagree, debate and ultimately support. We strive to improve ourselves and the business each day.

Communication

We listen, seek to understand and are responsive. We actively engage in two-way communication. We encourage open, transparent and candid interactions.



Our Products

Clearwater Paper manufactures quality consumer tissue, away-from-home tissue, tissue parent rolls as well as bleached paperboard and pulp at manufacturing facilities across the U.S. These products align under two business segments—consumer products and pulp and paperboard products.

Consumer Products

Our Consumer Products segment is a premier supplier of private label tissue to major retailers and wholesale distributors, including grocery, drug, club, mass merchants, and online discount stores. We manufacture and sell a complete line of at-home tissue products in each tissue category, including bathroom tissue, paper towels, napkins and facial tissue. We also manufacture away-from-home tissue and parent rolls for external sales.

Pulp and Paperboard

Widely recognized for our paperboard products, we are North America's largest nonintegrated producer of bleached paperboard. Our Pulp and Paperboard division manufactures and markets premium bleached paperboard for high-end folding cartons, carded packaging, food service packaging, liquid packaging and commercial print

applications. We are a leading producer of solid bleach sulfate paperboard, and offer services that include custom sheeting and slitting of paperboard. This division also produces hardwood and softwood pulp, which is used as the basis for our paperboard and tissue products.

We acquired Manchester Industries—a paperboard sheeting and distributer—in 2016. Manchester's capabilities strengthen the service and market positioning of our paperboard business.



Our Supply Chain

At Clearwater Paper, we work with a variety of suppliers in the U.S., Canada and Brazil to provide us with controlled and certified wood fiber for our consumer and paperboard product businesses. Because we rely on many manufacturing inputs for our products in addition to wood fiber, working toward sustainability means looking beyond the walls of our facilities and into our supply chain —from the materials we use to the vendors

who supply them. For additional information on our supply chain sustainability efforts, see page 13 in this report.

Materiality Assessment

The Global Reporting Initiative (GRI)
Reporting Principles served as the basis of our
materiality assessment, which was conducted in
2016 and helped us determine the economic,
environmental and social issues that are most
relevant to our business and to our

stakeholders. These same topics are what were deemed "material" as they relate to our company and our key stakeholders. As part of the process, we engaged a range of internal subject matter experts who represented critical aspects of our business and understand our key stakeholders and their priorities and concerns.





concerns of the following stakeholder groups:

- Customers
- Local communities
- Investors
- News media
- Government
- Employees and prospective employees

- Nonprofits and nongovernmental organizations (NGOs)
- · Our Board of Directors
- Fiber certification organizations
- Industry experts

important impact on our business and are covered in this report:

- Economic performance
- Air emissions
- Water
- Wastewater
- Waste-to-landfill
- Raw and recycled materials
- Environmental protection and sustainability expenditures
- Fiber certifications
- · Facility energy use

- Waste recycling/reuse
- Environmental regulatory compliance
- Product/packaging recyclability
- Occupational health and safety
- Labor and human rights compliance
- Product labeling and safety regulatory compliance
- Employee retention
- Employee training

We receive input and feedback from a wide range of stakeholders through a variety of mechanisms. For instance, our sales teams are regularly in touch with our customers and keep them abreast of the company's sustainability efforts. We also work closely with our sustainable forestry partners, trade organizations and industry groups to understand the issues that are of greatest concern to various stakeholders. Our engagement with regulators and local municipalities keeps us apprised of changing regulations and community impacts. And we have surveyed our employees, a key stakeholder audience, to collect their input on our workplace practices. The input we receive from stakeholders is invaluable and is used to help shape and direct our sustainability and community engagement strategies.



TODAY MORE THAN EVER,

consumers care about whether their paper products are made from sustainably harvested wood. To us, that means taking responsibility for our supply chain and buying fiber only from responsibly managed forests. Simply put, we are committed to responsible wood sourcing while providing our customers with quality products to meet a variety of everyday needs.

Clearwater Paper has been a leader in sustainably-sourced fiber while creating high-quality goods to meet the needs of our customers since manufacturing our first paper products in 1950.

We produce sustainable, high-quality paper goods to meet the unique needs of our customers.







Our Approach to Certification

Clearwater Paper does not own or manage any forestland acreage. Rather, we purchase hardwood and softwood pulp from suppliers, and also manufacture our own pulp. In either case, we maintain 100 percent of our pulp as certified or controlled wood from known sources.

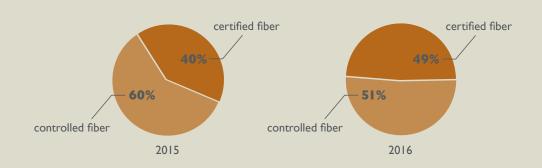
As a company, we offer an assortment of consumer and paperboard products certified sustainable, including the Forest Stewardship Council (FSC®), Sustainable Forestry Initiative (SFI) and the Programme for the Endorsement of Forest Certification (PEFC) programs. We

are committed to working with our suppliers to ensure certification standards are followed through contracts and supply agreements.

As the first U.S. company to offer a full line of FSC-certified bleached paperboard products and the first to offer consumer FSC-certified consumer tissue (i.e., facial), we have long been at the forefront of communicating the importance of forest certification programs. As we have communicated the benefits and encouraged certifications, we have also taken note of increased demand for certified

products among our many customers. As the certification landscape evolves and the availability of certified pulp and wood fluctuates, we are diligent in remaining flexible while continuing to source sustainably certified and controlled wood fiber to meet our customers' needs.

Throughout 2015 and 2016 we expanded our certification offerings on a variety of product lines.



We continue to maintain

100%

of our fiber as controlled or certified

We use two categories of fiber. One is wood or wood chips that were originally sourced from certified forests; the other is wood fiber from known sources that meet strict standards and are audited—referred to as controlled fiber. 100 percent of all our products are manufactured using either controlled or certified fiber, a commitment we have maintained for more than a decade.

Spotlight A Recognized Leader

On May 10, 2016, the Rainforest Alliance honored Clearwater Paper for our excellence in advancing sustainability and climate goals as one of two 2016 Sustainable Standard-Setter Honorees.

Also in 2016, we were honored with the <u>Idaho</u>
<u>Department of Environmental Quality's 2016</u>
<u>Pollution Prevention Champion</u> award

for our work on water conservation, energy reduction and waste reduction at our facility in Lewiston, Idaho.



Our Materials

We work with a variety of suppliers that provide post-consumer, recycled, virgin, certified and controlled fiber for our papermaking process, along with many other inputs required to make our products.

In total, 7.4 percent of our fiber is from recycled content.

Packaging

While our tissue products are made for consumer single sanitary use and are therefore not recycled, much of our packaging and paperboard is recyclable. The packaging of our tissue products, however, does have a recycled component, specifically:

- 100 percent of the cartons used for facial tissue are made from recycled fiber.
- 100 percent of the cores used in our rolled bath tissue and paper towel products are made from recycled fiber.
- 100 percent of the poly used to package our products bears the recycle symbol of 4 for "Low-Density Polyethylene" that means it can be reused, and in some instances, recycled.
- 100 percent of our corrugate boxes used to ship tissue display the recycle symbol.
- The majority of our corrugated boxes are produced with 58 percent recycled content and the rest is produced from 34 percent recycled fibers.

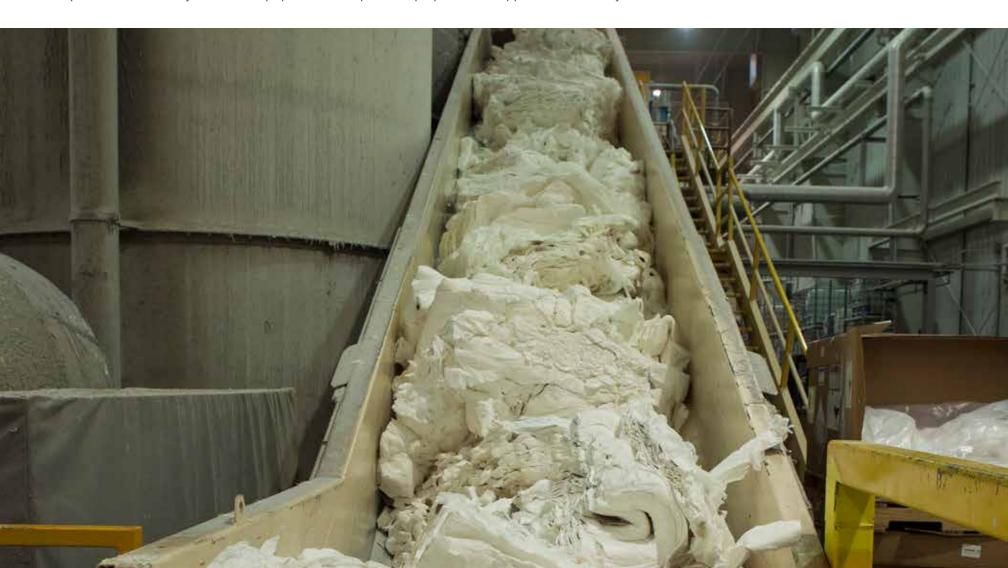


Spotlight Ladysmith

Clearwater Paper's Ladysmith, Wisconsin, facility manufactures a variety of consumer tissue products made from post-consumer and post-industrial recycled waste paper.

Once the waste paper is processed, it is then made into consumer tissue products. Additionally, some fiber is made into wet lap, a type of pressed pulp that is shipped to our facility

in Neenah, Wisconsin, where it is processed into consumer tissue products.





WE ARE IN THE BUSINESS

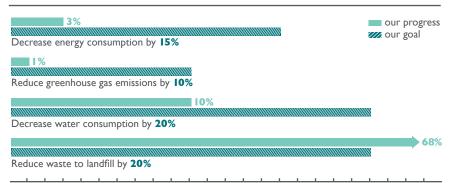
of making paper—from the food cartons and napkins that sit on our dinner tables, to the tissue and paper towels that all play important hygiene roles in our daily lives. As with most manufacturing, there are resulting impacts on the environment. Clearwater Paper has made strides in continuing to improve the way our business operates, from investing in new solutions to old problems, to thinking differently about how we source our products.

With a legacy of providing sustainably produced paper products, we continually seek to enhance our operations to protect natural resources without compromising quality or value for our customers.

In 2012, we established a baseline and set clear goals to reduce our impacts and improve our environmental performance by 2017. We have since extended our goals to be achieved by 2020, enabling us to focus on continuous improvement over the next few years.

Our 2020 goals aim at reducing impacts in four key areas—energy use, greenhouse gas (GHG) emissions, water use and waste.

2020 SUSTAINABILITY GOALS





Investing in the Future

Since setting our 2020 goals, we have made steady incremental improvements, and through this process we have learned that sustainability is a journey. In 2015 and 2016, for the first time, we earmarked a significant financial investment of more than \$5 million per year, in addition to regular capital allocations, to take bigger strides toward achieving specific sustainability

goals. For example, we are investing in programs and innovative measures that improve efficiencies and reduce energy and water usage.

We also actively communicate sustainability goals with all employees to ensure team members fully understand our 2020 goals as well as their roles in helping us reach them. We encourage local facilities to think beyond companywide standards by setting their own goals to reduce facility-based environmental inputs.

Energy Use

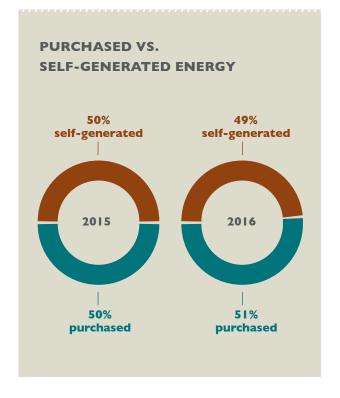
2020 GOAL: Decrease energy consumption by 15%

Pulp and paper manufacturing is an energy intensive process. Therefore, reducing energy is the focus of many of our environmental initiatives and, as such, an area of significant investment.

To understand the bigger picture of our energy footprint, we aggregate and report purchased energy data across the enterprise and track our performance against our 2020 goal using an energy intensity metric. Our purchased energy includes electricity, natural gas and renewable biomass. This purchased energy represents approximately half of our total energy use. The kraft paper manufacturing processes at our

Idaho and Arkansas mills, however, generates non-cellulose components from wood chips that we use as a renewable source of energy to create electricity and steam. This self-generated source of energy reduces the need to purchase energy and accounts for approximately half of our total energy use. In 2016, our purchased energy intensity was 10.19 MMBTU/per ton of production.

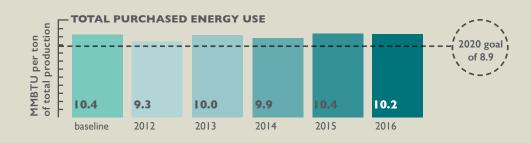
In 2015, we set our sights on investing in many new projects with positive sustainability outcomes. Most notably, we began work on a new pulp optimization project at our Lewiston



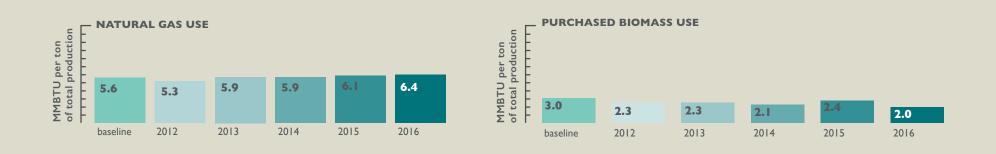
facility. With an investment of \$160 million, our goals are to increase yield, improve quality and reduce air emissions. In Shelby, North Carolina, and Las Vegas, Nevada, Clearwater Paper has worked to expand

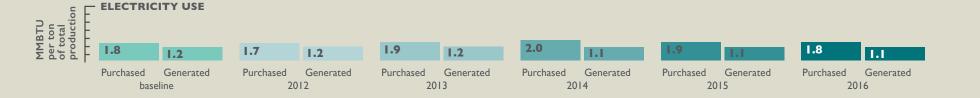
our production of Through Air Dried (TAD) manufactured products to meet customer demand for ultra and premium tissue. While TAD requires less wood fiber and offers a more absorbent, higher-end consumer

product, it uses a more natural gas, making it more important to look for ways to reduce energy usage.



3 overall reduction in energy consumption





Spotlight Cypress Bend Energy Production



When we first established our goal to reduce energy use, we began to look for ways to increase efficiencies of process equipment and reduce electrical usage at our Cypress Bend facility in Arkansas. Working with key suppliers and obtaining input from other Clearwater Paper facilities, we completed a comprehensive review of the facility's processes and operating strategies, and then compared them to the industry's best in class.

Our analysis led to upgrading low efficiency motors, adding variable speed drives, upgrading to LED lighting in one-third of the mill, replacing two of the three pulp mill chillers with higher efficiency chillers, and improving the efficiency in paper machine drying. We have also worked with production and maintenance teams to raise awareness of reducing electrical usage, developing more effective operating strategies and improving performance of key equipment.

Implementation of these efforts began in 2012 and since that time, energy usage per ton at the facility has dropped by seven percent from the baseline.*

Additionally, lower electrical consumption has cut operating costs by approximately \$1.06 million per year. Overall, these projects have helped minimize our environmental impact and strengthened the facility's competitiveness.

Spotlight Elwood Energy Savings



Our facility in Elwood, Illinois, has been successful at finding ways to save energy. So much so that the facility received the ComEd Smart Ideas® Energy Efficiency Program Award and \$120,662 to help fund an energy savings project in 2016. As part of our aim to reduce energy, we joined with ComEd to install new LED

lighting that included occupancy sensors at the mill. The ComEd Smart Ideas® program, which began in December 2015, is designed to help businesses become more efficient while also saving money. "We initially performed a lighting audit with our local electrical contractor for the entire facility in pursuit of our corporate

sustainability goal to reduce energy consumption," said Paul Martinez, Clearwater Paper's Elwood facility senior buyer and manager of purchasing and stores. In 2016, the project resulted in 1,282,914 kWh savings, which is the equivalent of powering 140 homes for a year.





Greenhouse Gas Emissions

2020 GOAL: Reduce GHG emissions by 10%

Pulp and paper manufacturing is an energy intensive process resulting in greenhouse gas (GHG) emissions—an impact we are committed to reducing. In 2014, Clearwater Paper established a goal to reduce non-biogenic GHG

emissions by 10 percent. We believe this is an ambitious goal and are hopeful we will achieve it by 2020. To do so, continuous improvements will need to be made as we implement new programs to reduce energy and GHG emissions. As mentioned in our

2013/2014 CSR Report, Scope 2 emissions are now included as part of our 2020 goal.

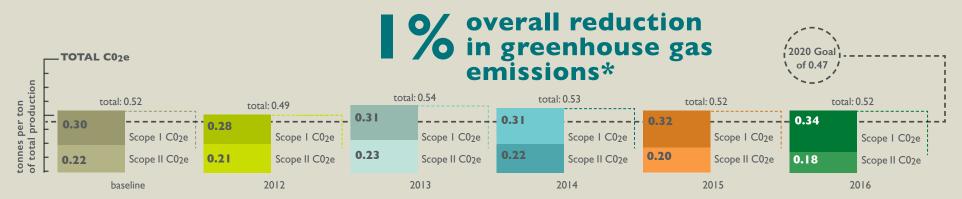
In 2015 and 2016 we also began to take a closer look at the impact of transportation as part of our overall GHG emissions. Our transportation team tracks emissions resulting from rail and truck shipments. The team has recommended we ship inbound raw materials and outbound products by rail, intermodal or barge whenever possible to reduce GHG emissions and costs. While we are still working

to quantify the reductions of the associated impacts, we are confident these improvements will reduce our GHG emissions over time.

Because energy and GHG emissions are closely related, we had increased emissions in 2015 and 2016 in part because of production increases at our Shelby, North Carolina, tissue facility. The facility included the expanded production

of Through Air Dried (TAD) high-end tissue products. We are working to invest in more energy and GHG reduction programs.





Focus on Air Quality

Like GHG emissions, air quality is closely tied to energy generation and use. In addition to carbon emissions, it has been important for Clearwater Paper to track other emissions that can have impacts on our environment.

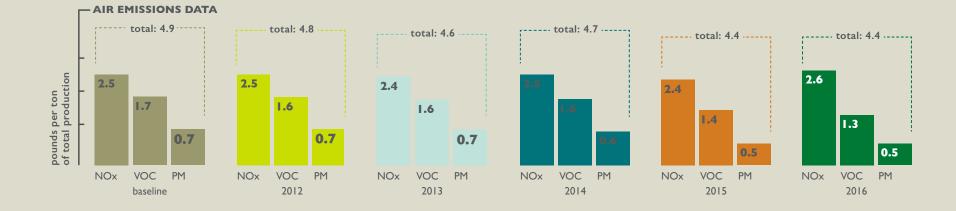
Tracking, measuring and reporting these emissions is essential to help drive reductions and lead to improved air quality.



NOx = Nitrogen Oxide VOC = Volatile Organic Compounds

PM = Particulate Matter

23% overall reduction in VOC emissions



Water

2020 GOAL: Reduce water consumption by 20%

We understand that water is not just an essential component of our manufacturing processes. It is a critical resource for the world. Our approach to managing water focuses on water reduction and the ongoing efficient use of water. Clearwater Paper measures water use relative to the tons of paper we produce. In other words, we use an intensity factor to better track water efficiency. We also are measuring the previous year's water consumption and assessing

monthly usage patterns to set goals for each facility—our company began using this approach in 2015. Specific targets for each facility are set annually.

While Clearwater Paper has taken a holistic approach to tracking water consumption across all sites, there is more to be done to reduce our overall water usage. It is important to note that water use fluctuates depending on

the production levels at specific facilities and when new water reduction programs are introduced. Goals aimed at reducing and managing water usage have been established at each facility, all to meet our 2020 goal.

10% overall reduction in total water usage



Spotlight Lewiston Water Savings



A special water reduction team was tasked with improving water usage at our Lewiston facility. The team of employees identified water conservation opportunities, including modifying manufacturing

processes and creating visual reminders for employees to conserve water. These actions ultimately led to more than one million gallons saved per day at the facility—roughly equivalent to the average daily consumption of 2,500 American households, or 20 percent of the population of the City of Lewiston.

77%

Tracking Our Wastewater

Water is one of the most significant inputs needed to make paper. As such, we believe we have a responsibility to the waterways from which we draw and to which we return the water

TOTAL PERCENTAGE OF WATER DISCHARGED

84%

we use. This means returning water to rivers and streams and ensuring every facility meets stringent regulatory compliance standards.



91%



90%

91%

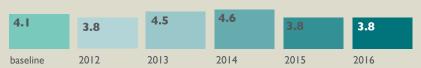
14% improvement in water returned to the environment

pounds per ton of paper production





BIOCHEMICAL OXYGEN DEMAND (BOD)



32% overall reduction in total suspended solids

Spotlight Award-Winning Wastewater Lab



Our Lewiston facility is Clearwater Paper's largest mill. The facility has its own environmental laboratory where environmental testers analyze wastewater samples each day for total suspended solids (TSS), biological oxygen demand (BOD), chemical oxygen demand (COD) and pH.

"The employees in the laboratory are excellent at what they do," says environmental engineer Bill Hoesman, who oversees the operations of the laboratory. "We take the quality of water we discharge seriously and care about the environments in which we operate."

In 2016, the National Council for Air and Stream Improvement (NCASI), a consortium of industry scientists, selected the Lewiston environmental lab as a "Best Performer" for its National Pollution Discharge Elimination System (NPDES) Self-Monitoring Program.

Waste-to-Landfill and Recycling

2020 GOAL: Reduce percentage of waste-to-landfill by 20%

Reducing solid waste by 20 percent is a significant component of Clearwater Paper's sustainability strategy and one of our most aggressive goals. We track our waste-to-landfill data monthly at every facility. We surpassed our goal of a 20 percent reduction set in 2012 and have achieved a 68 percent reduction.

We reduce landfill waste by finding innovative uses for our materials. For example, Finley Buttes Landfill in Boardman, Oregon, uses our Lewiston facility's boiler ash waste as an alternative landfill

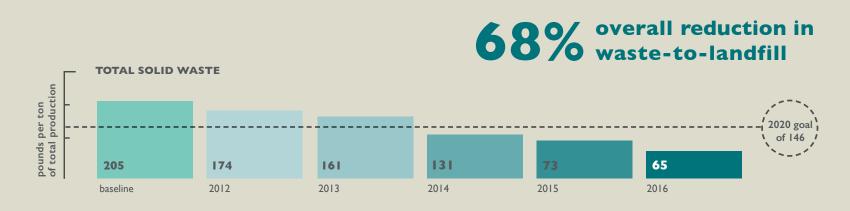
cover, rather than using valuable topsoil. We also partner with third parties looking to purchase byproducts, such as poly waste and corrugate.

Our Las Vegas and Lewiston facilities have done an excellent job of implementing recycling programs, and as of 2016, our Las Vegas facility was 99 percent landfill-free. Additionally, we have implemented waste reduction opportunities that have amounted to significant amounts of waste being diverted from landfills each year.

Investing in Waste Reduction

Previously we only tracked waste-to-landfill metrics, but in 2017 we began auditing internal processes and systems to determine other potential metrics, such as total waste. We have since implemented a waste management standard requiring each facility to map waste streams for further analysis and to identify improvements. We plan to include metrics from this new standard in future reports.





Compliance, Supply Chain and Operations

Although our manufacturing facilities are highly regulated at the federal, state and local levels, compliance at Clearwater Paper is not just about meeting mandatory regulations, it is a foundation upon which we build our approach to operating responsibly.

A Culture of Compliance

We provide environmental compliance training to all salaried staff. Managers are responsible and accountable for implementing effective systems, procedures and training to achieve our compliance commitment. Furthermore, we expect our suppliers to comply with all regulations, and our compliance program tracks

applicable requirements, routinely assesses compliance status and identifies areas for continuous improvement.

Two product regulations we closely track include the California Transparency Act, which helps to protect workers from slavery and human trafficking, and Proposition 65, one of the most stringent environmental health laws in North America. Our supplier contracts include language stating our expectations that they comply with these regulations, and our purchasing teams routinely assess the compliance status of suppliers through direct inquires and screening surveys. We also include language from the Lacey Act in fiber sourcing contracts to ensure

that the pulp we source is not harvested from forests where endangered species could be impacted.

Supplier Diversity

In 2016, we began auditing our database of suppliers to identify minority- and women-owned businesses. In addition to clarifying the ownership of current business partners, we will also account for this metric in new contracts and in our processes and systems of onboarding new companies.





Our Approach to Audits

When it comes to on-site audits at Clearwater Paper, there is no "one size fits all" approach. Environmental and safety audits differ depending on the size and complexity of each facility. In general, our environmental and safety teams periodically perform internal audits to ensure compliance status. Larger facility audits tend to happen every 18-24 months, whereas smaller facility audits happen every three years. If there is a management change, we will conduct an audit to ensure that no responsibilities are lost in the transition.

We also work with external auditors to capture an unbiased, outside perspective.

We work with forest products association members to put together an environmental audit manual to ensure quality audits. This cross-industry collaboration is part of our commitment to improve sustainable practices throughout our industry.

Working with Industry Partners

We work to stay on top of regulatory changes and new processes so that we can continue to advance our sustainability and compliance efforts. We do this through memberships in various state and national organizations, such as the American Forest and Paper Association, the National Council of Air and Stream Improvement, the Wisconsin Paper Council, the North Carolina Manufacturers Alliance, the Idaho Association of Commerce and Industry and the Arkansas Forest and Paper Council, just to name a few.



Our Products

Our Operations and Supply Chain

Our People



OUR PEOPLE

In this section we describe our approach to employee development and training, compensation, employee wellness and workplace health and safety.

AT CLEARWATER PAPER,

every employee contributes to the success of our company. With an average of 15 years of employment tenure, our people are committed to taking our company to a new level of performance. In turn, we work hard to be a dedicated employer of choice and are committed to the professional development and wellness of our people.

Together, we develop solutions to make our workplace safer, our environmental footprint smaller and our company more efficient and profitable. We encourage employees to always continue learning and developing new skills. Our employees are also encouraged to consider new roles that introduce different challenges and provide opportunities for growth. Our commitment to our people is reflected in our investment in employees through training and development and fostering a safe workplace environment.



Investing in Our Employees

Our workplace culture is defined by our people and our values: Character, Collaboration, Commitment and Communication. We are committed to fostering an engaging, collaborative and rewarding workplace environment.

Employee Development

We are committed to our employees' development and provide training and tuition reimbursement. After six months on the job, qualified employees are eligible for our education assistance program.

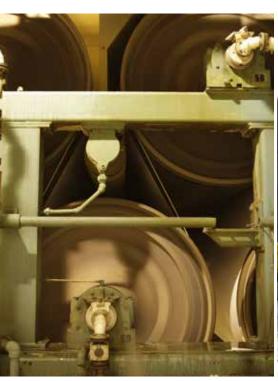
Compliance and Skills Training

We offer training year round in a variety of settings including virtual, web-based and on-the-job. Compliance training topics include code-of-business conduct, insider trading policies and business ethics courses along with workplace harassment modules and other job-specific courses. We regularly conduct safety and environmental compliance training to ensure employees understand current laws and regulations.

Leadership Training

Every business is dependent on the success and drive of its current and future leaders, and ensuring these individuals have the proper tools and training is essential. In 2016, we launched our leadership development program, which has enabled us to focus on improving workplace engagement and increasing productivity and innovation.







Compensation and Benefits

There is more to compensation than just competitive wages. Benefits, work-life support, performance recognition and career development opportunities are all part of our total rewards package. We compensate salaried employees using a pay-for-performance model that is competitive when measured against the industry. We measure both individual

performance and contributions toward the achievement of our company's success.

Our comprehensive benefits packages address our employees' needs for health care, income and retirement savings. Our salaried benefits include medical, dental and disability plans, 401K retirement programs and wellness offerings, among many others.

To ensure we maintain a competitive position, we continually assess market compensation packages, and review hourly and salaried pay rates, variable pay programs and benefit program offerings.



Employee Wellness

Over the past two years, we increased our emphasis on wellness by expanding programs that help our employees make healthy lifestyle choices.

Some of the new programs that we have launched include:





SMOKING-TOBACCO CESSATION

program provides online and phone coaching for employees and their spouses who want to quit using tobacco products.

Workplace Health and Safety

Workplace safety is one of our strongest commitments. Our success begins and ends with our people, which is why we are focused on creating a safe workplace for all employees, visitors, business partners and community members.

Our Approach to Safety

Even a single injury is one too many. To ensure the protection of our employees, each location within Clearwater Paper has a dedicated Environmental, Health & Safety (EHS) Manager with the focus of employee safety and environmental protection. In addition, all facility employees are encouraged to actively engage in our EHS process. This includes our facility leaders completing workplace safety audits, employee participation in commitment-based safety meetings, and maintaining active facility safety committees. With this approach, we have been able to improve our overall safety performance, but at the same time we felt like we could do even more.

In 2016, we established a comprehensive approach to manage environmental, health and safety. We call this approach EHS Excellence.







Reduced injury rate by 9%

With this manage systems approach, we are focused on five key foundations that we believe will allow us to advance our EHS performance:

- 1. Leadership & Commitment
- 2. Employee Ownership
- 3. Worksite Analysis & Control
- 4. Training & Communication
- 5. Continuous Improvement

Each year we implement or improve specific aspects of each of these foundations to establish consistency across the organization. This, combined with a renewed focus on sharing best practices from our individual locations, will accelerate our collective learning.

We are also shifting our focus away from lagging safety metrics, such as injury rates, to more proactive metrics such as safety audit participation, training completion and execution of annual facility EHS Plans. By focusing on these new measures, we are targeting the tangible matters that our facilities can control proactively with the goal of preventing injuries.



Spotlight Improving Training Consistency



To ensure our employees have a high level of understanding of safety risks as well as the tools to protect themselves, we enhanced our EHS training process across all our locations. The first

step was establishing an annual EHS training calendar that ensured our employee would receive training throughout a year. We also enhanced the content for the training to be very specific to our

operations. This focused effort delivers quality training throughout the calendar year that enhances and reinforces our employees' safety skills.

"EHS Excellence is focused on proactively identifying, evaluating and controlling risks before incidents occur. When this focus is paired with the strong commitment of our leaders and the engagement of employees across all levels of our organization, we are able to achieve sustainable EHS performance."

- JASON ROGGENBAUER, VICE PRESIDENT, HEALTH, SAFETY & ENVIRONMENT



Union Collaboration

As of Dec. 31, 2016, approximately 48 percent of our workforce was covered under collective bargaining agreements. The majority of union employees belong to the United Steel Workers or the International Brotherhood of Electrical Workers. Union representatives are an important part of our business and play an important role in our safety performance and improvement efforts. To foster and maintain open communication and

constructive relationships, we conduct regular meetings with union representatives and have safety committees with union representation.

Investing in Training and Development

As our industry and businesses evolve, so must the skills of our workforce. That is why we have invested in continually adapting and expanding our training to ensure employees are equipped with the knowledge and resources they need to be successful. We assess employee needs through surveys, questionnaires and manager interviews, incorporating feedback and adjusting training courses to ensure we provide high-quality resources. We also update training materials as needed throughout the year to adapt to new and changing regulations.

"As the mill's behavioral based safety facilitator and a union member, every day I see the results of the commitment Clearwater Paper and the Union have made to safety."



WE HAVE A LONG HISTORY

of working with our hometowns to help make our communities stronger. The towns and cities where we work are the same communities where we and our families live. Supporting our communities is a large part of who we are as a company, and this sense of community extends to our workplace. Our commitment to community is an integral part of our business.

Contributions to our communities improve the quality of life for everyone. We give charitable contributions and provide volunteers to a variety of organizations and causes that have a broad impact and touch many lives. As part of our commitment, we partner with local nonprofits, business associations and government to help enhance the quality of life for the communities in which we operate.



Giving Back to Our Community

Charitable Giving

Since our founding in 2008, Clearwater Paper has focused our charitable giving in four priority



In 2015, Clearwater Paper provided relief for our employees and communities impacted by natural disasters. Donations were given to the American Red Cross in Idaho and Washington State following devastating wildfires in the area. We also provided in-kind and cash donations to community organizations in Oklahoma City following devastating tornados, as well as Red Cross and Second Harvest donations following a devastating windstorm in Spokane.

areas: education, environment, social services and the arts. In 2015 and 2016, we contributed



In 2015, we contributed our final \$25,000 installment of a \$100,000 total donation to help construct the new Lewiston Library.

hundreds of thousands of dollars in cash, employee volunteer hours and product donations.



Every year, employees from our Shelby, North Carolina, facility team up with Communities in Schools, a national educational organization empowering at-risk students to stay in school. As part of the organization's backpack program, Clearwater Paper donates backpacks and Shelby employees donate supplies and other essentials to fill the packs.

Matching Gifts

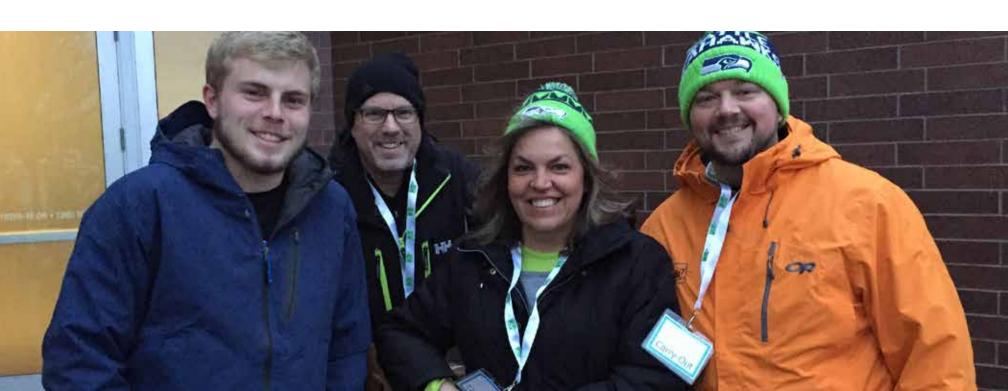
Our Matching Gifts for Education program encourages employees to support accredited institutions of higher learning as well as qualified tax-exempt secondary and elementary schools. We match employee and employee spouse contributions up to \$1,500 per family per calendar year. At several of our locations, we also match employee gifts to United Way at 50 cents on the dollar. In 2016 in Lewiston alone, Clearwater Paper and our employees donated approximately \$200,000 to the Twin County United Way.

Employee Volunteerism

Our involvement and engagement in the community would not be possible without our people.

Each Clearwater Paper facility has a contribution committee that is responsible for organizing annual giving efforts. Each committee has a dedicated annual budget to support local organizations and offer employees opportunities to engage. Organizations are selected locally, based on community needs.

We value the leadership and contributions that many of our employees make to local nonprofits. We actively encourage employees to take on all levels of roles and volunteer participation opportunities at non-profit organizations.



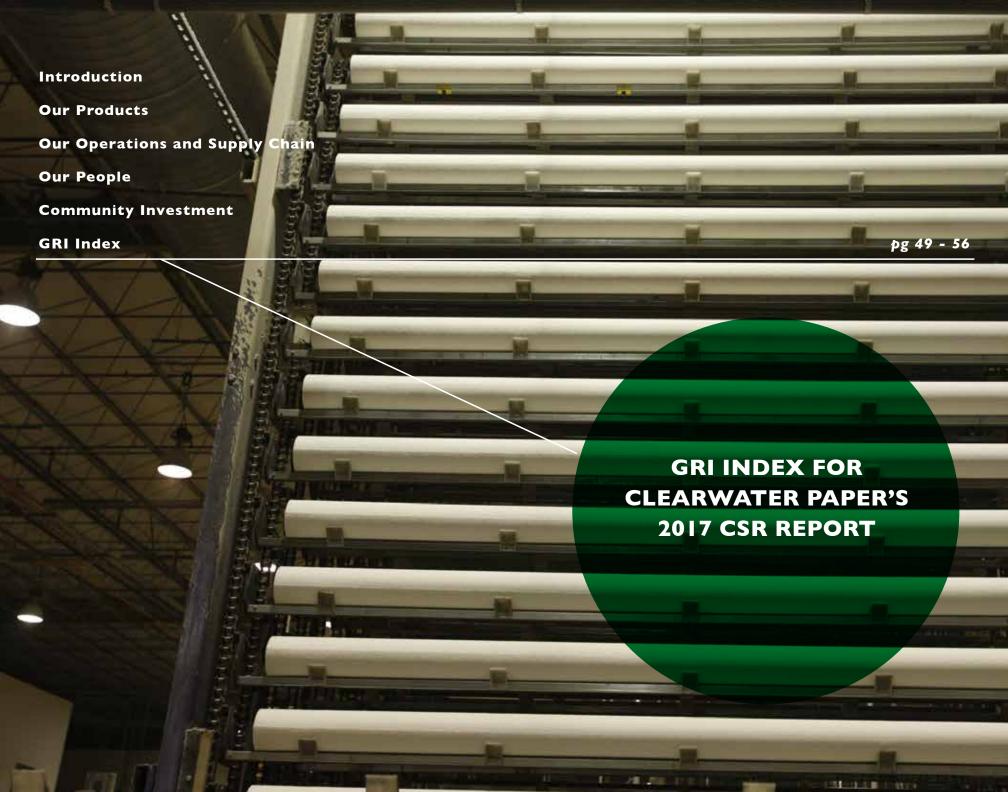
Spotlight United Way





In 2015, 43 employees from our Lewiston, Idaho, facility participated in the national service "Day of Caring" organized by Twin County United Way. Throughout the day,

the Clearwater Paper team, along with more than 250 volunteers across the Lewis-Clark Valley, helped with hands-on projects, from doing yard work and painting a wheelchair ramp to setting up a clothes closet at a local school and assisting with a fundraiser at a health organization.



STRATEGY AND ANALYSIS

G4-1 CEO statment CEO Letter, page 1.

ORGANIZ	ORGANIZATIONAL PROFILE				
G4-3	Name of reporting organization	Clearwater Paper Corporation			
G4-4	Products	See Our Products, page 8.			
G4-5	HQ location	Spokane, Washington			
G4-6	Countries of operation	See About Clearwater Paper, page 5.			
G4-7	Nature of ownership and legal form	Clearwater Paper Corporation is a publicly traded company listed on the New York Stock Exchange as CLW.			
G4-8	Markets served	Clearwater Paper manufacturing facilities and all other assets are located within the continental U.S. Clearwater Paper sells and ships products to customers in many foreign countries including the U.S., Japan, South Korea, Canada and Australia, among others.			
G4-9	Report the scale of the organization	See About Clearwater Paper, page 5.			
G4-10	Employee demographics (total number of employees, by contract, gender, region etc.)	At the end of 2015, Clearwater Paper had 3,300 employees (78 percent hourly and 22 percent salaried) across all operations. Women represented 17 percent of our total workforce.			
		At the end of 2016, Clearwater Paper had 3,370 employees (approximately 76 percent hourly and 24 percent salaried) across all operations. Women represented 16 percent of our total workforce.			
		Region is not applicable as all company-owned operations are based in the U.S. Numbers are rounded to the nearest hundred.			
G4-11	Report the percentage of employees covered by collective bargaining agreements.	Approximately 48 percent of Clearwater Paper's workforce were covered by collective bargaining agreements in 2016, and 52 percent in 2015.			

ORGANIZATIONAL PROFILE

G4-12	Describe the organization's supply chain.	See Our Supply Chain, page 9.
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership or its supply chain.	Our focus on overall equipment effectiveness that began in 2015 has allowed us to significantly increase the operating uptime of our converting lines and thereby increase tissue output. As a result, we were able to streamline our converting asset base by closing our Oklahoma City converting facility. Additionally, the shut-down of the company's two highest cost paper machines in our Neenah, WI., facility, resulted in removing 32,000 tons of capacity, improving our overall paper making efficiency.
		On December 16, 2016, Clearwater Paper acquired Manchester Industries, an independently-owned paperboard sales, sheeting and distribution supplier to the packaging and commercial print industries, for total consideration of \$71.7 million. Manchester Industries will be incorporated in reporting metrics in subsequent years.
G4-14	Report whether and how the precautionary approach	Clearwater Paper has not formally adopted the precautionary principle.
	or principle is addressed by the organization.	Each year Clearwater Paper invests a substantial amount of resources to ensure we are constantly working towards our sustainability initiatives to reduce our environmental impact.
		We are committed to operating a company that is both economically and environmentally sustainable, which is why we continually consider the long-term effects of our work—from the use of raw materials to the everyday operations of our facilities. It is why we strive to meet or exceed the complex and stringent environmental regulations that govern our facilities. We believe sustainability is a journey rather than a destination, and we are committed to minimizing our impact on the environment in a way that is consistently forward-thinking.
G4-15	List externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or which it endorses.	Clearwater Paper subscribes to the following associations: American Forest and Paper Association (AF&PA), Forest Stewardship Council (FSC®), Sustainable Forestry Initiative (SFI).
G4-16	List memberships of associations	Clearwater Paper is a member of the following associations: American Forest and Paper Association (AF&PA), the Forest Stewardship Council (FSC®), the Sustainable Forestry Initiative (SFI), Idaho Association of Commerce & Industry (IACI), National Council of Air and Stream Improvement (NCASI), the Wisconsin Paper Council, the North Carolina Manufacturers Alliance, the Northwest Pulp and Paper Association and Industry and the Arkansas Forest and Paper Council.

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

G4-17	 List all entities included in the organization's consolidated financial statements or equivalent documents. 	Data in Clearwater Paper's 2015/2016 CSR report includes all information on operations. See Clearwater Paper's 2015 and 2016 Annual Reports for more information.
	 Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report. 	
64-18	Explain the process for defining the report content and the Aspect Boundaries.	See Materiality Assessment, page 10.
	Explain how the organization has implemented the Reporting Principles for Defining Report Content.	
1-19	List all the Material Aspects identified in the process for defining report content.	See GRI Index, pages 53-56.
4-20	For each Material Aspect, report the Aspect Boundary within the organization.	See GRI Index, pages 53-56.
1-21	For each Material Aspect, report the Aspect Boundary outside the organization.	See GRI Index, pages 53-56.
4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	N/A
-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	N/A

G4-24	Provide a list of stakeholder groups engaged by the organization.	See Materiality Assessment, page 10.
G4-25	Key topics and concerns that have been raised through stakeholder engagement.	See Materiality Assessment, page 10.

STAKEHOLDER ENGAGEMENT

G4-26	Report the organization's approach to stakeholder engagement.	See Materiality Assessment, page 10.
G4-27	For each Material Aspect, report the Aspect Boundary within the organization.	See GRI Index, pages 53-56.

REPORT	PROFILE	
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	This Corporate Social Responsibility (CSR) Report reflects the combined calendar years of 2015 and 2016.
G4-29	Date of most recent previous report (if any).	The previous CSR Report covered calendar years 2013 and 2014.
G4-30	Reporting cycle (such as annual, biennial).	Biennial
G4-31	Provide the contact point for questions regarding the report or its contents.	csr@clearwaterpaper.com
G4-32	 Report the "in accordance" option the organization has chosen. Report the GRI Content Index for the chosen option. Report the reference to the External Assurance Report, if the report has been externally assured. 	See About This Report, page 4.
G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report.	This report was not externally assured and there are currently no plans to seek external assurance.

GOVERNANCE

G4-34

• Report the governance structure of the organization, including committees of the highest governance body.

 Identify any committees responsible for decision-making on economic, environmental and social impacts. See Our Leadership, page 6.

ETHICS AND INTEGRITY

G4-56

Describe the organization's values, principles, standards and norms of behavior See our Core Values on page 7. such as codes of conduct and codes of ethics.

GRI SPECIFIC STANDARD DISCLOSURES BY CLEARWATER PAPER'S MATERIAL ISSUES

Material Issue	G4 Categories and Material Aspects	Specific Standard Disclosure	Stakeholders Impacted or Involved	Response/Page/Link for DMA and Indicators
Economic Performance	Economic: Economic Performance	EC1 Direct economic value generated and distributed	Employees Local communities Shareholders Suppliers Customers	See Clearwater Paper's <u>2015</u> and <u>2016</u> Annual Reports.
Product Packaging and Recyclability	Environmental:	EN1 The total weight or volume	Employees Local communities	See Our Products on page 8.
and recoyclability	Products and Services	of materials that are used to	Shareholders	Our total fiber recycled content is:
	1 Todaoto ana convicco	produce and package the or-	Suppliers	0 percent PPD
		ganization's primary products	Customers	26 percent CPD
		and services during the report- ing period, by: Non-renewable		7.4 percent total for enterprise
		materials used and renewable		Zero percent of Clearwater Paper's finished products are labeled as recyclable or
		materials used		compostable, but some packaging falls into this category.
		EN2		Our packaging materials include:
		Percentage of materials		Corestock: Produced from 100 percent reclaimed fiber.
		used that are recycled input materials		Packaging does include the recycle symbol.
				Facial Cartons: 100 percent of our facial carton volume is produced from recycled fiber.
		EN28		We use "certified 100 percent recycled paperboard" on the cartons. This packaging does
		Percentage of products sold and their packaging materials		include the recycle symbol.
		that are reclaimed by category		Poly: 100 percent of our poly shows the recycle symbol of 4. Poly does not have any reclaimed material. This product does include the recycle symbol.
				Corrugate: 100 percent of our corrugate boxes have the recycle symbol on them. Some specialty print trays might not. Most of our boxes are produced with 58 percent recycled

content, the rest of the business is produced from 34 percent recycled fibers.

GRI SPECIFIC STANDARD DISCLOSURES BY CLEARWATER PAPER'S MATERIAL ISSUES

Material Issue	G4 Categories and Material Aspects	Specific Standard Disclosure	Stakeholders Impacted or Involved	Response/Page/Link for DMA and Indicators
Product Labeling and Safety Regulatory Compliance	Product Responsibility: Product and Service Labeling	PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Employees Local communities Shareholders Suppliers Customers NGOs Regulators	In 2015 and 2016 we had no incidents of non-compliance with product labeling and safety regulatory compliance.
Energy Use and GHG Emissions	Environmental: Energy Emissions	EN3 Energy consumption within the organization EN5 Energy intensity	Employees Local communities Shareholders Suppliers Customers NGOs Regulators	See page 19 for our approach to managing energy. Clearwater Paper only reports electricity and fuel types; heating and cooling are included in these numbers. We do not purchase outside steam. Net sold electricity in 2015/16 was negligible. Energy intensity (MMBTU/ton of total production) is measured by combining paper and converting production. See page 20 for our approach to energy.
		EN15 Direct greenhouse gas (GHG) emissions (Scope 1)		See page 23 for our approach to GHG emissions.
		EN16 Energy indirect greenhouse gas (GHG) emissions (Scope 2)		See page 19 for our approach to energy consumption.
		EN18 Greenhouse gas (GHG) emissions intensity		GHG intensity (tonnes per ton of total production) is measured by combining paper and converting production. See page 23 for our approach to GHG emissions. We do not report on Scope 3.
		EN21 NOx, VOC, and other significant air emissions		See page 25 for our approach to air quality and emissions data.
Water	Environmental: Water	EN8 Total water withdrawal by source	Employees Local communities Shareholders Suppliers Customers NGOs Regulators	See pages 26 - 29 for our approach to tracking water and wastewater Water intensity is measured as thousands of gallons per ton of paper production.

GRI SPECIFIC STANDARD DISCLOSURES BY CLEARWATER PAPER'S MATERIAL ISSUES

Material Issue	G4 Categories and Material Aspects	Specific Standard Disclosure	Stakeholders Impacted or Involved	Response/Page/Link for DMA and Indicators
Wastewater	Environmental: Effluents and Waste	EN22 Total water discharge by quality and destination	Employees Local communities Shareholders Suppliers Customers NGOs Regulators	See page 28 for our approach to tracking our wastewater and our total water consumption. Water intensity is measured as thousands of gallons per ton of paper production.
Waste to Landfill and Recycling	Environmental: Effluents and Waste	EN23 Total weight of waste by type and disposal method	Employees Local communities Shareholders Suppliers Customers	Quantities are reported reported on page 31. Waste intensity (pounds per ton of total production) is measured by combining paper and converting production.
Environmental Regulatory Compliance	Environmental: Compliance	EN29 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Employees Local communities Shareholders Suppliers Customers	See Clearwater Paper's 2015 and 2016 Annual Reports.
Environmental Protection Expenditures and Investments	Environmental: Overall	EN31 Total environmental protection expenditures and investments by type	Employees Local communities Shareholders Suppliers Customers	In addition to regular capital allocations, which include environmental and safety operating expenses, Clearwater Paper made a commitment to invest \$10 million in incremental capital funds to improve environmental performance.
Labor and Human Rights Compliance	Society: Compliance	SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Employees Local communities Suppliers	See Clearwater Paper's 2015 and 2016 Annual Report.

GRI SPECIFIC STANDARD DISCLOSURES BY CLEARWATER PAPER'S MATERIAL ISSUES

Material Issue	G4 Categories and Material Aspects	Specific Standard Disclosure	Stakeholders Impacted or Involved	Response/Page/Link for DMA and Indicators
Employee Retention	Labor Practices and Decent Work:	LA1 Total number and rates of new employee hires and employee turnover by age group, gender and region	Employees Local communities	Clearwater Paper had 440 new employees (68 percent hourly and 32 percent salaried) in 2016 and 465 (72 percent hourly and 28 percent salaried) in 2015.
	Employment			In 2016, 567 employees (17 percent of the workforce) left Clearwater Paper, of which 453 employees departed and 114 due to the shutdown of two tissue machines.
				In 2015, 877 employees (26 percent of the workforce) left Clearwater Paper, of which 436 departed and 441 as the result of five specialty mills being sold.
				Breakdown of employees by age group and gender is not available.
				Region is not applicable as all company-owned operations are based in the U.S.
Employee Training	Labor Practices and Decent Work: Training & Education	LA10 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Employees Local communities	See page 36 of Clearwater Paper's 2016 CSR Report for our approach to employee development.
Workplace Health and Safety	Labor Practices and Decent Work:	LA6 Type of injury and rates of	Employees Local communities	Our recordable injury rate was 1.68 in 2015 and 1.72 in 2016.
	Occupational Health and Safety	injury, occupational diseases, lost days, and absenteeism, and total number of		Breakdowns by type and gender are not available. Region is not applicable as all company-owned operations are based in the U.S.
		work-related fatalities, by region and by gender		See page 39 of Clearwater Paper's 2016 CSR Report for our approach to workplace health and safety.

Baseline is the average of 2010 and 2011 of all facilities operating in 2015 and 2016 with the exception of the Shelby and Oklahoma City facilities. The Oklahoma City facility startup occurred in 2010, therefore the first full year of production in 2011 was used as baseline. The Shelby facility startup occurred in 2012, therefore the first full year of production in 2013 was used as baseline.

Manchester Industries will be incorporated into the baseline and included in reporting metrics in subsequent reports.