



2020

SUSTAINABILITY REPORT

Environmental Social and Governance
2017/2018 Data



CLEARWATER
PAPER®



Letter from Arsen Kitch | President and CEO

I am proud that at Clearwater Paper we have a long history of prioritizing the sustainability of both the products we make and the way we make them. I look forward to working with all of our stakeholders to continue building on that strong legacy.

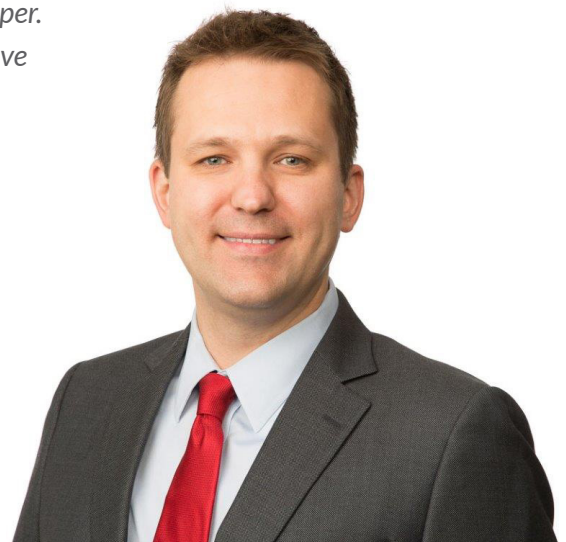
Starting with the products we make, the primary raw material in both our tissue and paperboard products is wood, which is a 100 percent renewable and commonly recycled resource. Our manufacturing locations, all of which are in the U.S., adhere to Forest Stewardship Council® Chain of Custody, Sustainable Forestry Initiative®, and Programme for the Endorsement of Forest Certification™ fiber sourcing standards. As a result, 100 percent of our products are made using fiber from responsibly managed forests.

We design and manufacture products to minimize waste and use recycled sources of fiber wherever possible. We are committed to using resources efficiently and generating energy from renewable sources. We have successfully cut our intensities for greenhouse gas emissions by 9 percent, purchased energy by 10 percent, reduced waste-to-landfill by 74 percent, and decreased water consumption by 13 percent from our baseline.

In 2019 we undertook a comprehensive materiality assessment, with input from numerous stakeholders, which will inform our environmental priorities and goals for 2020 and beyond.

We could not realize this level of positive environmental impact without the commitment of our employees, who continue to take our company to new levels of sustainability performance. In turn, we are committed to creating a culture that prioritizes safety and wellness, collaboration and inclusion, and continual learning and personal development.

Thank you for your interest in and support for Clearwater Paper. We look forward to working with you to deliver further positive sustainability impact in the years ahead.





Performance Highlights 2017/18



Sustainable Products and Responsible Sourcing

100%
OF OUR FIBER

IS SOURCED FROM
RESPONSIBLY
managed forests

DEVELOPED

NuVo
Next Generation Cupstock

WITH UP TO
35%

POST-CONSUMER
RECYCLED FIBER



Diverse and Inclusive Workplace

All Locations **COMPLETED**
Community Service Projects
and activities to support the local community



COMPLETED:

- Career Roadmap Implementation
- Company-wide training of Core Values



Water and Land Stewardship

WATER USE INTENSITY
has decreased by **13%**

TOTAL SOLID WASTE INTENSITY has decreased by
74%
since the baseline year

WASTEWATER DISCHARGED INTENSITY has increased by
4%



Safe Workplace

LOST TIME CASE RATE
has improved by **25%**
from 2017 to 2018

COMPLETED
EHS LEADERSHIP
training for site leaders



Energy Efficiency and Emission Reduction

PURCHASED ENERGY INTENSITY
has decreased by **10%**

GHG EMISSIONS INTENSITY
Scope 1 And Scope 2
has decreased by **9%**

Award Recognition



American Forest And Paper Association
BETTER PRACTICES, BETTER PLANET SUSTAINABILITY AWARD (2018)



Arkansas Environmental Federation
DIAMOND AWARD (2018)



Our Approach to Sustainability

Our Sustainability Commitment

Our products can provide more sustainable alternatives to products that are made from non-renewable resources. Wood, the primary raw material used in our products—in the form of chips, sawdust, pulp, and logs—is a 100 percent renewable and commonly recycled resource. We only procure wood and wood pulp from sustainable sources.

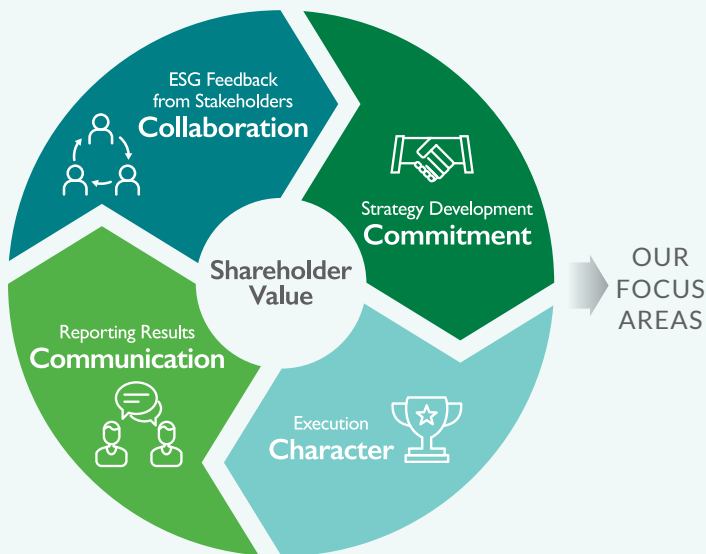
We believe in careful utilization of our limited natural resources and understand our role in conserving and protecting the planet's air, water and land, and in managing climate change risk. We also believe that the people components of employee safety, diversity, human rights, consumer protection and strong systems of internal procedures and controls help drive high performance for our shareholders, employees and communities.

Our Management Approach

GROUNDING IN OUR CORE VALUES

The foundation of our sustainability management approach is built on our core values of character, collaboration, commitment and communication. Collaboration with our many stakeholders helps us to define focus areas that benefit the planet, local communities and our business for the long term. Our investors and stakeholders' care about the long-term view regarding the sustainability of our products and how we produce them.

We support the principles of a circular economy and apply a management systems approach in each of our focus areas to support priorities and goals. We utilize Global Reporting Initiative (GRI) Reporting Principles as the framework for our reporting and are committed to sharing our ESG performance results and encourage open dialogue and feedback that helps make us better. GRI details can be found at clearwaterpaper.com

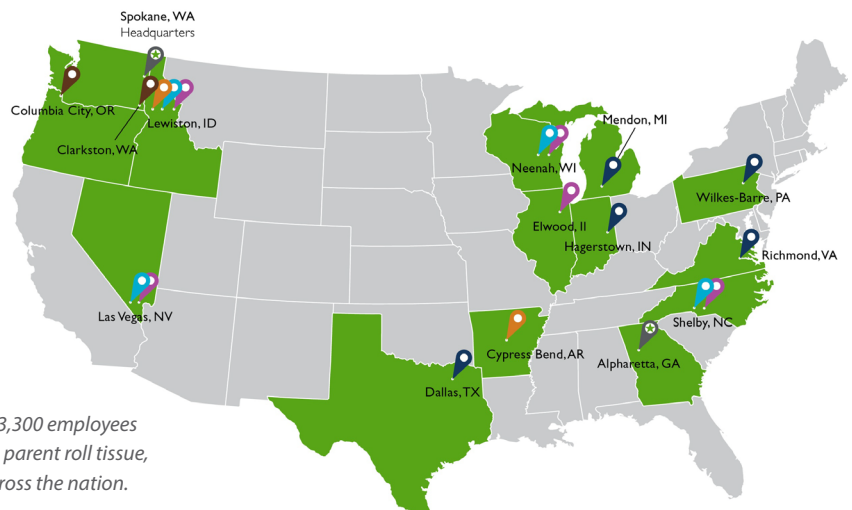


Driven by Purpose

Aligned with our core values, we have integrated sustainability principles into our operations.

- Corporate and Administrative Offices
- Pulp and Paperboard Manufacturing
- Papermaking (Tissue)
- Tissue Converting
- Other / Chip / Fiber Facility
- Manchester Industries Custom Sheeting, Slitting, Cutting

Clearwater Paper Corporation (NYSE: CLW) is a \$1.8B company with 3,300 employees that manufactures quality consumer tissue, away-from-home tissue, parent roll tissue, paperboard and pulp at manufacturing and converting locations across the nation.





Our Focus Areas

Collaboration with our many stakeholders helps us learn from others and define focus areas that benefit the planet, local communities and our business for the long term.



Sustainable Products

We are committed to providing high quality, safe, value-added products.

We are focused on optimizing fiber yield, including alternative or recycled fiber use, in support of our circular economy principles.



Responsible Sourcing

We only procure wood and wood pulp from sustainable sources.

We validate the application of sustainable fiber sourcing standards through an annual audit process.



Energy Efficiency and Emission Reduction

We are committed to improving the energy efficiency of, and reducing emissions associated with, our operations.

We are committed to meeting our remaining energy needs through utilizing renewable biofuels and self-generating steam and electricity, wherever possible, reducing our need for non-renewable fuels.



Water and Land Stewardship

We strive to reuse a significant amount of water in our manufacturing process, returning the majority back to the environment following treatment using industry best practices.

We work to minimize manufacturing waste through beneficial reuse, reducing the amount of material to landfills.

We are committed to the efficient recovery and reuse of chemicals, supporting our circular economy principles. We only procure wood and wood pulp from sustainable sources.



Our Focus Areas

Collaboration with our many stakeholders helps us learn from others and define focus areas that benefit the planet, local communities and our business for the long term.



Safe Workplace

We operate our facilities mindful of our responsibility to create a safe work environment for our employees, contractors, and our community neighbors.

We are focused on the proactive identification of risks and implementation of controls to create a safe workplace with an emphasis on reducing significant injuries.



Diverse and Inclusive Workplace

We are dedicated to fostering a sense of belonging where every employee is respected for who they are and are valued for their individual knowledge, skills, experiences and backgrounds each bring to our workplace. We are committed to our core values of Character, Collaboration, Commitment, and Communication.

We are committed to promoting a diverse and inclusive culture which will contribute to the success of our employees and organization. Understanding our customers' needs and developing a workforce that represents the communities in which we operate are fundamental elements to our diversity and inclusion strategy.

We emphasize our commitment to respecting and observing human rights by conducting all aspects of our business with the highest level of integrity and ethical standards, as emphasized in our Human Rights Policy.



Board Oversight

We strive to be a preferred supplier, meet the needs of our customers and optimize the profitability of our businesses. We recognize that managing sustainability priorities helps promote and ensure long-term viability for the company and our stakeholders as well as help us achieve financial goals.



Sustainable Products



PRIORITIES AND GOALS

Wood, the primary raw material used in our products, is a 100 percent renewable and commonly recycled resource.

We are focused on optimizing fiber yield, including alternative or recycled fiber use, in support of our circular economy principles.

Our Products Can Provide More Sustainable Alternatives to Products Made From Non-renewable Resources.

Wood, the primary raw material used in our products - in the form of chips, sawdust, pulp and logs - is a 100 percent renewable and commonly recycled resource.

- There are 20% more trees in the U.S. today than there were on the first Earth Day celebration in 1970. (Source: American Forest & Paper Association)
- Forests play a critical role in mitigating greenhouse gas emissions through carbon sequestration and other processes. The forests that supply the industry's raw material remove carbon dioxide from the atmosphere and store the carbon - not only in trees, but also below ground in soils and root systems, and ultimately in forest products. (Source: National Council for Air and Stream Improvement, Inc)
- Carbon storage in forest ecosystems offset approximately 12 percent of the nation's gross annual greenhouse gas emissions. (Source: U.S. Environmental Protection Agency, 2019)

All Clearwater Paper products that are made of 100 percent paper are recyclable or compostable. Some of our paperboard products have a thin poly barrier which is limited to recycling in areas where facilities are available.

- Ninety-four percent of U.S. communities have access to recycling programs. (Source: Sustainable Packaging Coalition)
- By weight, more paper is recovered for recycling from municipal solid waste streams than glass, plastic, steel and aluminum combined. (Source: U.S. Environmental Protection Agency)

We design and manufacture products using **circular economy principles** where possible.

Examples of the ways in which we have implemented such principles include:

Design out waste and pollution:

- Innovative coatings
- Improved energy efficiency in operations
- Optimizing fiber yield
- Offering alternative fibers

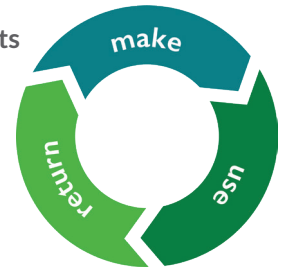
Regenerate natural systems:

- 100 percent of our fiber comes from responsibly managed forests

Keep products and materials in use:

- Post-consumer recycled fiber helps to reduce paper waste and extends the useful life of our basic raw material
- Recovering and reusing paper fiber minimizes the negative impacts of single use products

In support of these principles, we continue to focus on optimizing fiber yield, including next generation innovations using alternative and recycled fiber, such as offering FDA compliant post-consumer recycled fiber content in many of our finished foodservice products.





Sustainable Tissue



Tissue Products

Our fiber is renewable, recyclable and sourced from environmentally sound forests and suppliers!

WE SPEAK THE CERTIFIED PRODUCTS that customers demand. Sustainable Forestry Initiative (SFI®) or Forest Stewardship Council (FSC®) certification ensures that the pulp we use comes only from suppliers who meet high standards for environmentally and socially responsible forest practices.

Much of our packaging is recyclable.

- 100% of the cartons used for facial tissue are made from recycled fiber.
- 100% of the cores used in our rolled bath tissue and paper towel products are made from recycled fiber.
- 100% of the poly used to package our products bears the recycle symbol of 4 for “Low-Density Polyethylene” which means it can be reused, and in some instances, recycled.
- 100% of our corrugate boxes used to ship tissue are recyclable.



Certifications



The mark of
responsible forestry



Member of
How2Recycle



Sustainable Paperboard



Paperboard Products

OUR CUSTOMERS CARE ABOUT SUSTAINABILITY. WE DO TOO. The fiber in our paperboard is renewable, recyclable and sourced from environmentally sound forests and suppliers.

Our paperboard products are made from trees, a 100% renewable resource, and all Clearwater Paper products are available with Forest Stewardship Council (FSC®) or Sustainable Forestry Initiative (SFI®) certification. We were the first North American SBS paperboard producer to offer FSC® certification across our entire product line.

Today's consumers desire choices that fit into a circular economy. We are committed to fiber diversity as demand and availability increases for recycled and alternative fibers. Our NuVo® cupstock is an example of innovation optimizing post-consumer recycled fiber content.

Certifications



The mark of responsible forestry



PAPERBOARD
PACKAGING
RECYCLABLE™



Member of
How2Recycle

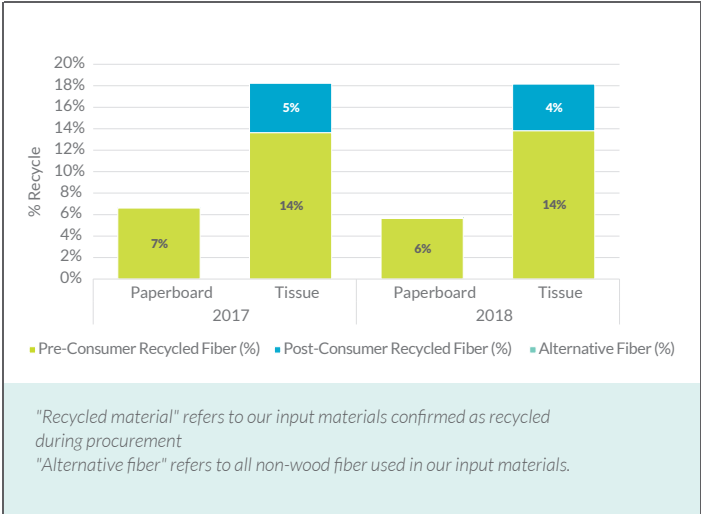


clearwaterpaper.com



Performance Metrics

% Recycled Content and Alternative Fiber Use



Performance Highlights

DEVELOPED

NuVo®

Next Generation Cupstock

WITH
UP TO

35% POST-CONSUMER
RECYCLED
FIBER

***Additional Information**

- Use of recycled input materials in the manufacture of our products reduces our ecosystem impact and supports overall waste diversion goals.
- We use recycled input materials whenever possible, and maintain tracking goals to measure progress.
- Our end products are clearly labeled for recyclability.



Responsible Sourcing

PRIORITIES AND GOALS

Wood, the primary raw material used in our products, is a 100 percent renewable and commonly recycled resource.

All manufacturing locations adhere to FSC® Chain of Custody, SFI®, and PEFC™ fiber sourcing standards to ensure 100 percent of our fiber comes from responsibly managed forests. These programs are validated through an annual audit process.

Responsible Sourcing

WE ARE A LEADER IN SUSTAINABLY SOURCED FIBER creating high-quality goods to meet the needs of our customers since manufacturing our first paper products in 1950. As the first U.S. company to offer FSC® certified paperboard across our full product line and the first to offer consumer FSC® certified tissue in private label, we have long been at the forefront of understanding and communicating the importance of forest certification programs.

Our sourcing commitments are critical in ensuring that the impacts to biodiversity in our supply chain are transparent and minimized.

We do not grow trees or own timberland. We source our fiber from various suppliers. As part of our support of sustainable forestry practices, we use chain-of-custody-certified and controlled wood —meaning we maintain 100 percent of our pulp as certified or controlled wood from known sources. We always know where our fiber comes from and how it was produced. We are committed to working with our suppliers to ensure certification standards are followed, through contracts and supply agreements, and an annual audit process. We also include a contractual requirement that our suppliers specifically

comply with the Lacey Act, which is a conservation law in the United States that prohibits trade in wildlife, fish, and plants that have been illegally taken, possessed, transported, or sold.

All of our paper products are available with Forest Stewardship Council (FSC®), Sustainable Forestry Initiative (SFI®) or Programme for the Endorsement of Forest Certification (PEFC™) certification.

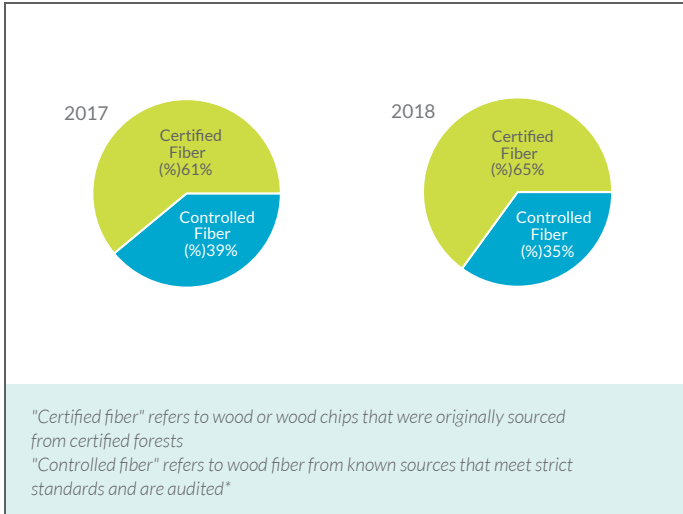
As the certification landscape evolves and the availability of certified pulp and wood fluctuates, we are diligent in remaining flexible while continuing to source sustainably certified and controlled wood fiber to meet our customers' needs.

We are committed to implementing and following sustainable business practices and because of this, it is important for us to do business with companies who comply with our Supplier Code of Conduct and operate in accordance with applicable regulations and standards. Through supplier assessments, we strive to manage supply chain risks regarding sustainability which include environment, human rights and economics. We partner with suppliers who are aligned with our core values and provide a competitive edge through innovation, quality, cost and continuity of supply.

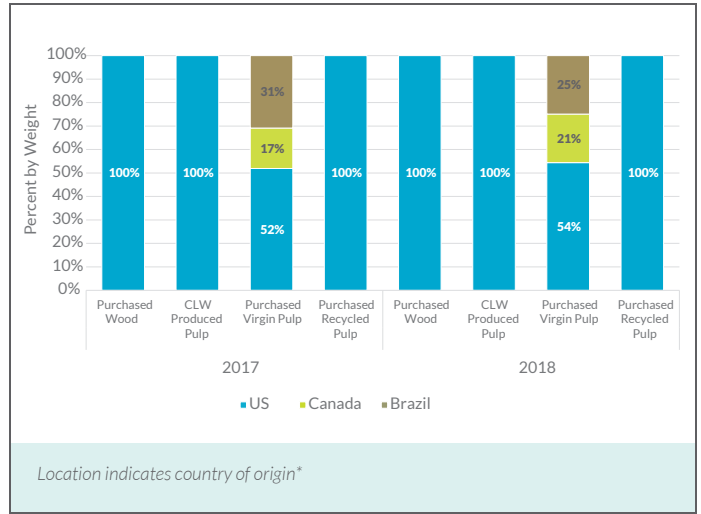


Performance Metrics

Wood Source Type



Wood Source Location



Performance Highlights

100% OF OUR FIBER
is sourced from **RESPONSIBLY MANAGED FORESTS**

*Additional Information

- We use both controlled and certified fiber to track and manage biodiversity impacts in the supply chain.
- Use of controlled and certified fiber allows us to track supply chain biodiversity impacts and ensure that those impacts are minimized.



Energy Efficiency and Emission Reduction

PRIORITIES AND GOALS

We are focused on improving energy efficiency and reducing greenhouse gas emissions with a goal of year over year improvement.

Reducing energy usage and related emissions is not only good for people and the planet, but also helps reduce input costs, improving our financial performance.

Energy Efficiency

We make significant investments in energy efficiency and in meeting remaining energy needs through utilizing renewable biofuels and self-generating steam and electricity, wherever possible. A large portion of our energy needs are met utilizing renewable fuels.

Purchased energy and fuel represents approximately half of our total energy use. Purchased energy sources include electricity, natural gas and renewable biomass.

The rest of our energy use comes from self-generated sources. For example, the kraft paper manufacturing processes at our Idaho and Arkansas mills generates organic components from wood chips that we use as a renewable fuel to generate electricity and steam, reducing the need for external energy or fuel.

We also capture and reuse process heat from our manufacturing operations that would otherwise be wasted.

Air Emissions

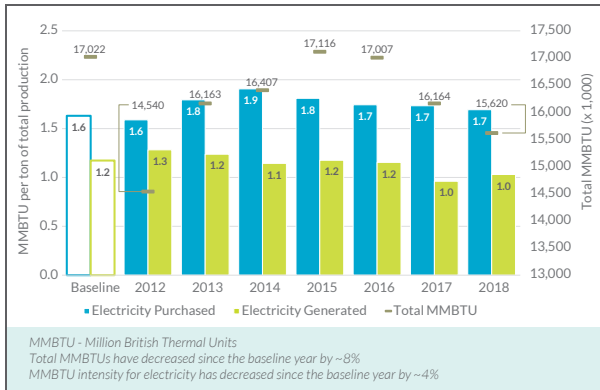
We track, measure, and report all relevant air emissions as part of our commitment to drive emission reductions, to improve air quality, and to manage climate change risk.

Our greenhouse gas (GHG) emissions are tied primarily to energy generation and use. Our commitment to improve energy efficiency and to meet remaining energy needs through renewable sources is core to our GHG emission reduction efforts.

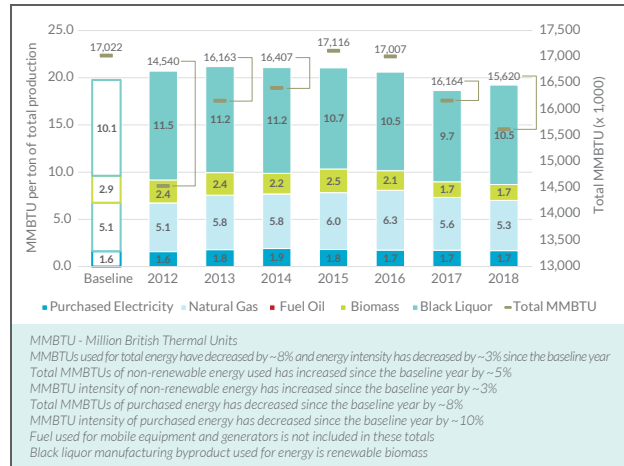


Performance Metrics

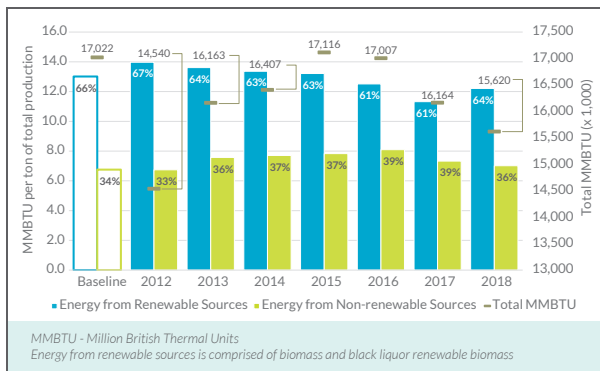
Electricity Use



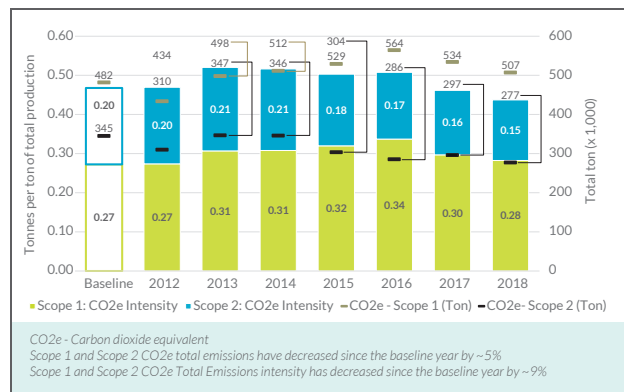
Total Energy



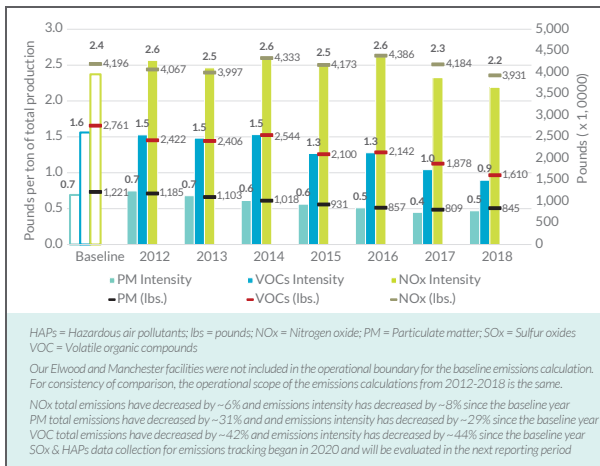
Renewable and Non-Renewable Energy



Greenhouse Gas Emissions from Fossil Fuel Combustion



Air Quality



Performance Highlights

PURCHASED ENERGY INTENSITY has decreased by **10%**

GHG EMISSIONS INTENSITY Scope 1 And Scope 2 has decreased by **9%**

*Additional Information

- See GRI Information (GRI 102-48) for Baseline Information. The baseline year was chosen based on the availability of comprehensive data.
- We track greenhouse gas (GHG) emissions in accordance with EPA regulatory requirements. Biogenic emissions or on-site mobile equipment fuel are not included in the GHG emissions totals.
- Emissions factors are provided by the utility or, if not available through the utility, are based on geographically-specific data.
- Intergovernmental Panel on Climate Change (IPCC) GHG global warming potential (GWP) factors are used for calculations based on EPA requirements. However, only CO2 is reported (CO2 GWP = 1).
- Total production is measured by combining paper production and converted production.
- On-site mobile equipment fuel use is not included in Total Energy.



Water and Land Stewardship

PRIORITIES AND GOALS

We recognize water as an essential resource to the communities in which we operate.

We will complete a water risk assessment for each of our manufacturing locations by 2025 to further our water stewardship efforts.

We are committed to minimizing waste going to landfill from our manufacturing processes and product packaging, in line with circular economy principles, with a goal of year-over-year improvement.

Water

Our approach to managing water focuses on water use reduction and the ongoing efficient use of water. We measure water use relative to the tons of paper we produce and we monitor trends to assess usage patterns to set goals for each facility.

We work to reuse water within our processes, and we ultimately return the majority of the water we use back to its original source.

We strictly adhere to all regulatory requirements for water withdrawal, use and discharge and collaborate with regulatory agencies and other stakeholders to ensure this shared resource is protected.

Land

We reduce landfill waste by finding beneficial uses for our materials. For example, we recover and reuse chemicals from our pulp manufacturing process.

We also partner with third parties looking to purchase our byproducts, such as cardboard and plastic packaging.

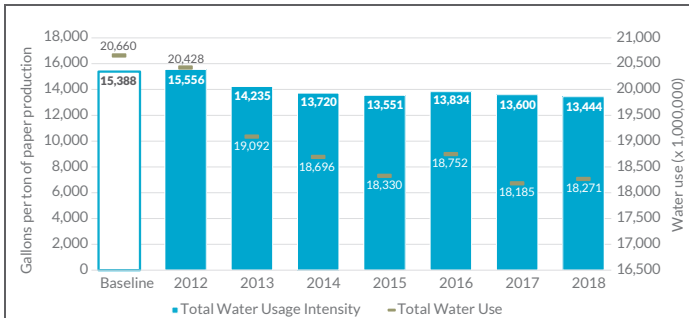
We have implemented a waste management standard requiring each facility to map waste streams for further analysis and to identify improvements to optimize beneficial uses both as inputs to our manufacturing process and partnering with others for innovative solutions to reuse.

We track our waste-to-landfill data monthly at every facility.



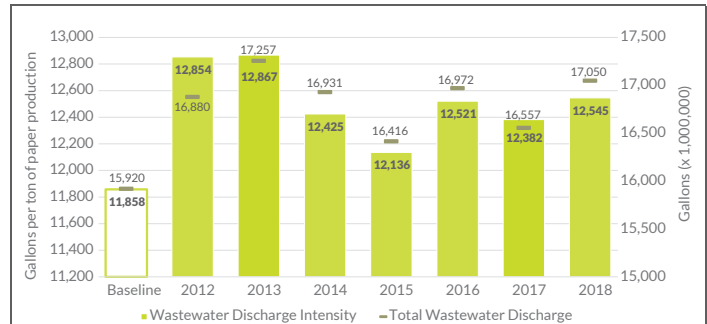
Performance Metrics

Water Use



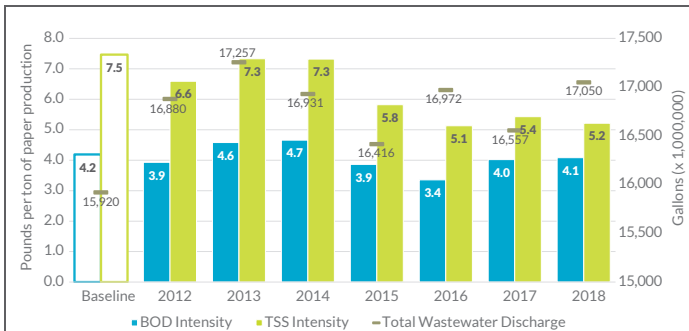
The intensity of water used has decreased since the baseline year by ~13%
The total volume of water used has decreased since the baseline year by ~12%*

Wastewater Discharge



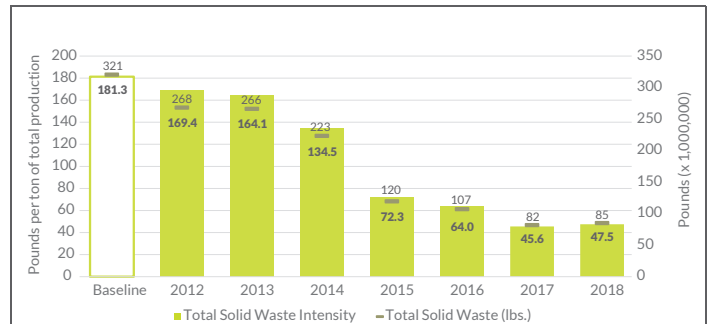
The total volume of wastewater discharged has increased since the baseline year by ~7%
The intensity of wastewater discharged has increased since the baseline year by ~6%*

BOD and TSS



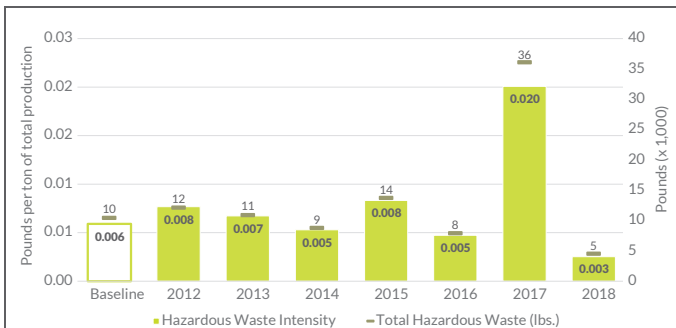
BOD - Biochemical oxygen demand; TSS - Total suspended solids
BOD intensity in wastewater discharge decreased since the baseline year by ~2%
TSS in wastewater discharge decreased since the baseline year by ~35%*

Solid Waste



Total solid waste decreased since the baseline year by ~73%
Solid waste intensity decreased since the baseline year by ~74%
Total production is measured by combining paper production and converted production.*

Hazardous Waste



Total hazardous waste decreased since the baseline year by ~57%
Hazardous waste intensity decreased since the baseline year by ~50%
2017 was not representative of typical generation due to a one time tank clean-out of 27,000 lbs of hazardous waste.
Total production is measured by combining paper production and converted production.*



Performance Highlights

WATER USE INTENSITY has decreased by **13%**

TOTAL SOLID WASTE INTENSITY has decreased by **74%** since the baseline year

WASTEWATER DISCHARGED INTENSITY has increased by **4%**

*Additional Information

- See GRI Information (GRI 102-48) for Baseline Information.
- We do not currently have source separation data or water stress data for the water use reporting area.
- However, we are performing a water risk assessment and will be tracking water use by source and water stress for future reports.



Safe Workplace



PRIORITIES AND GOALS

Prevent workplace injuries through the proactive identification and control of workplace hazards and building a culture of safe behaviors.

Establish metrics that are focused on the prevention of significant injuries and fatalities (SIFs).

Deliver impactful training that provides our employees with the skills, knowledge, and ability to work safely.

Implement a management systems approach to occupational safety and health that will ensure the establishment of a sustainable process to injury prevention.

Safe Workplace

OUR EMPLOYEES' HEALTH AND WELL-BEING ARE PARAMOUNT, and their commitment and skilled work is what differentiates Clearwater Paper. We have developed a comprehensive environmental health and safety management system called EHS Excellence.

This management system is built on five key foundations:

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

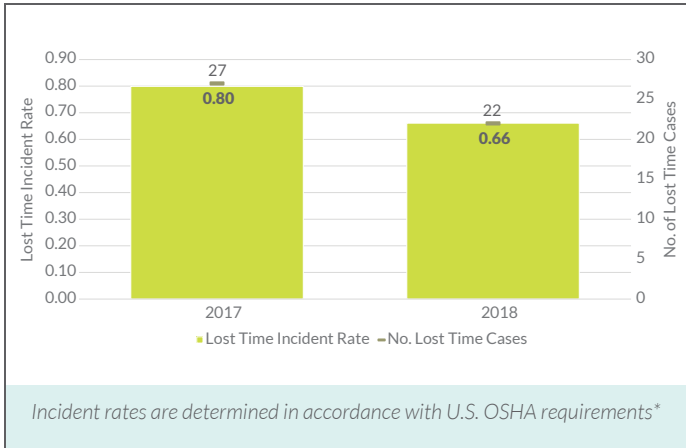
On an annual basis, we identify priorities within our EHS Excellence strategy for implementation in our operations. These priorities are solidified through an annual EHS Plan process. Through this process, we track and adjust our implementation to ensure we are continuously improving.

To support implementation of this process, we have redefined what safety success means to Clearwater Paper. Our focus has begun to shift away from lagging safety metrics, such as injury rates, to more proactive metrics, such as, number of safety risk controls implemented, completion of safe behavior observations and execution of annual training plans.

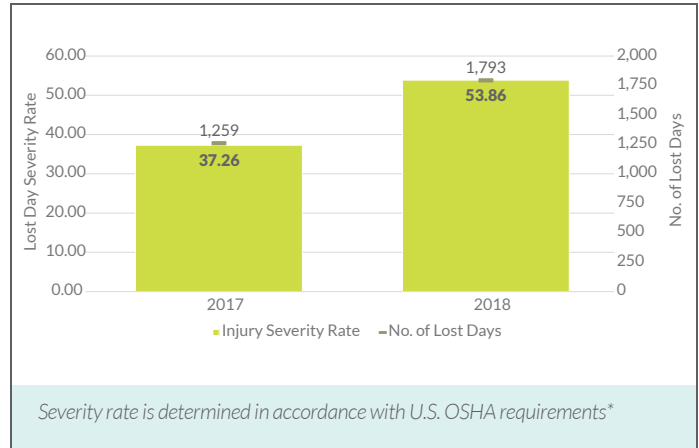


Performance Metrics

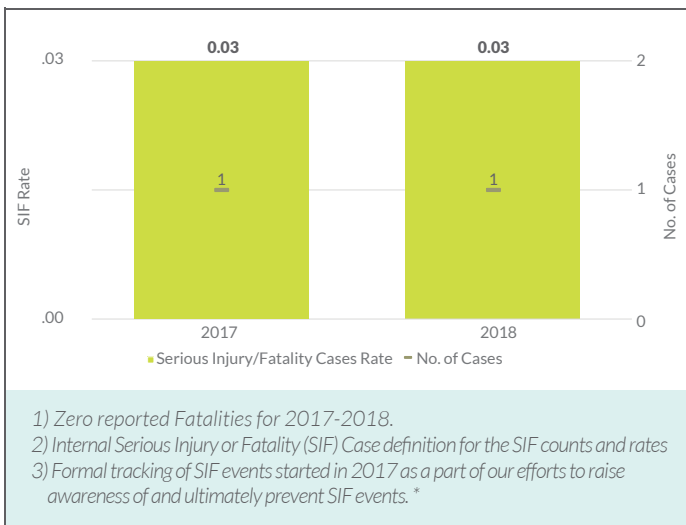
Lost Time Injuries



Injury Severity



Serious Injury & Fatality (SIF) Case Rate



Performance Highlights

LOST TIME CASE RATE
has improved by **25%**
from 2017 to 2018

**COMPLETED
EHS LEADERSHIP**
training for site leaders



*Additional Information

- Lost Time Rate, Severity Rate and Serious Injury Fatality Rate calculation is based on 200,000 hours
- All Lost Time and Severity Rates are calculated using U.S. OSHA guidelines for injury reporting.
- Supervised, temporary employees were not included in incident counts or rates
- The Top 3 Program Elements that resulted in injuries were 1) Ergonomics 2) Walking Working Surfaces and 3) Machine and Equipment Safety.
- The Top 3 Nature of Injuries were 1) Fall, Slip or Trip 2) Caught In, Under or Between and 3) Pushing or Pulling.



Diverse and Inclusive Workplace

PRIORITIES AND GOALS

Understanding our customer's needs and developing a workforce that represents the communities in which we operate are fundamental elements to our diversity and inclusion strategy.

We are committed to promoting a diverse and inclusive culture which will contribute to the success of our employees, organization, and communities.

Diversity and Inclusion

Building a sustainable, diverse and inclusive culture is demonstrated throughout our core values and reinforced in our human rights practices.

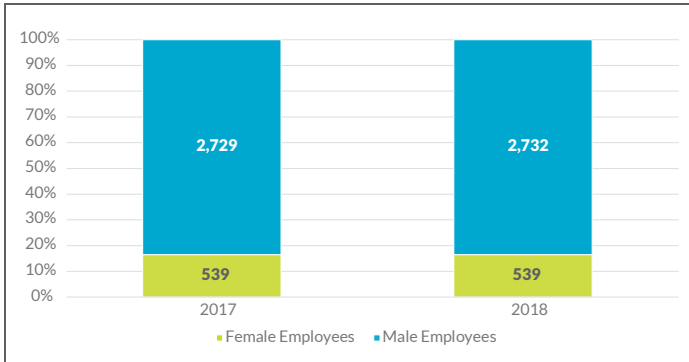
Through our core values of **Character, Collaboration, Commitment, and Communication**, we are dedicated to fostering a sense of belonging where every employee is respected for who they are and are valued for their uniquely individual knowledge, skills, and experiences they bring to our company.

Through our human rights practices we emphasize our commitment to respecting and observing human rights by conducting all aspects of our business with the highest level of integrity and ethical standards. We expect this level of commitment from our employees as well as those we do business with. This is important to us. We believe it makes us a better company and is essential to sustaining our business and the communities in which we work and live.

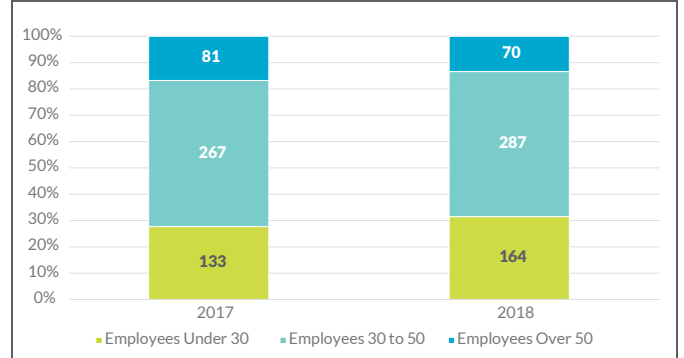


Performance Metrics

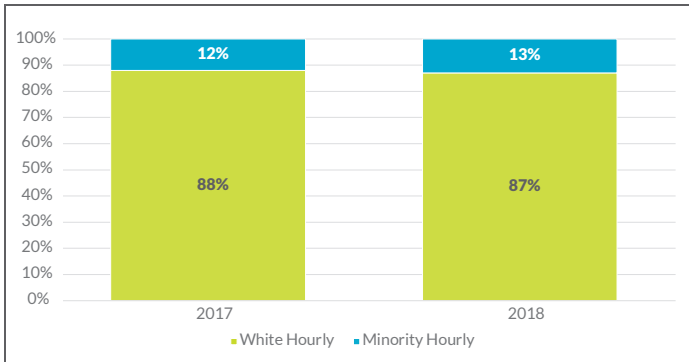
Gender Demographics



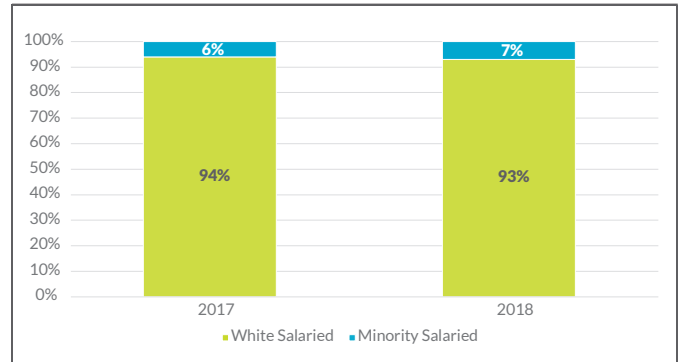
Age Demographics



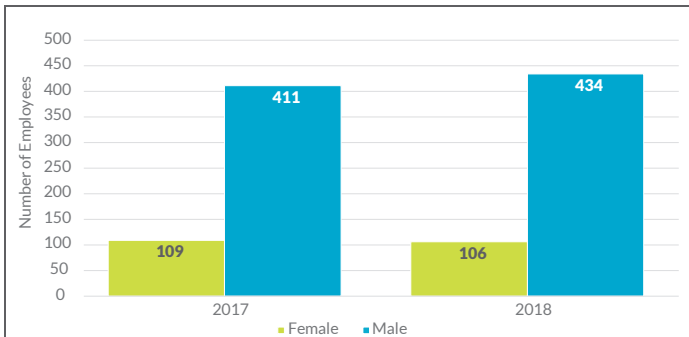
Diversity - Hourly Employees



Diversity - Salaried Employees



Turnover by Gender



Our voluntary turnover inclusive of retirements ranged from a low of 13.6% to a high of 16.6% during the reporting period of 2017 through 2019. A significant factor impacting turnover was our Shelby NC expansion and workforce stabilization*

*Additional Information

- Baseline year - 2017



Performance Highlights



**ALL LOCATIONS
COMPLETED**
COMMUNITY SERVICE PROJECTS
and activities to support the local community

COMPLETED:

- Career Roadmap Implementation
- Company-wide training of Core Values



CHARACTER



COLLABORATION



COMMITMENT



COMMUNICATION



Board Oversight

PRIORITIES AND GOALS

We strive to be a preferred supplier, meet the needs of our customers and optimize the profitability of our business. We recognize that managing sustainability priorities helps promote and ensure long-term viability for the company and our stakeholders as well as help us achieve financial goals.



Board Oversight

We strive to be a preferred supplier, meet the needs of our customers and optimize the profitability of our business. We recognize that managing sustainability priorities, including those related to climate change, helps promote and ensure long-term viability for the company and our stakeholders as well as help us achieve financial goals. These priorities are integrated into our overall management process and incorporate strong governance participation to foster and ensure goals are achieved.

Our Board of Directors works with our company's management to provide oversight and guidance of our business and affairs. Our commitment to continually improve our sustainability performance and manage relevant environmental and social risks is an important component of the overall company performance overseen by the Board. Our Board and its Audit Committee work closely with our company's management team to oversee our risk management process and to identify and evaluate existing or emerging risks, including those related to environmental and social issues.

We engage in detailed risk planning on an ongoing basis. Our enterprise risk management program provides a systematic approach to identifying and understanding risks to the company, including climate change related risks, that might arise from changes in regulation, and physical or operational risks. Understanding of these risks informs our sustainability strategy and setting of environmental and social goals.



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