



## **CLEARWATER PAPER CORPORATION Code of Business Conduct and Ethics**

### **Introduction**

It is the general policy of Clearwater Paper Corporation to conduct our business activities and transactions with the highest level of integrity and ethical standards and in accordance with all applicable laws. In carrying out this policy, we have adopted the following Code of Business Conduct and Ethics.

This Code covers a wide range of business practices and procedures. It does not cover every issue that may arise, but is intended to set out basic principles to guide our employees and directors. All employees and directors must conduct themselves accordingly and seek to avoid even the appearance of improper behavior. Those who violate the standards in this Code or who fail to cooperate with management directions given to effect compliance with this Code may be subject to disciplinary action, possibly including termination of employment.

In addition to the requirements of this Code, our senior financial officers must also comply with the provisions of our Code of Ethics for Senior Financial Officers.

If you have any questions regarding this Code, you should address these questions to your supervisor or to our General Counsel or Chief Executive Officer, as appropriate.

### **Basic Principles and Practices**

#### **Compliance with Laws, Rules and Regulations**

Company policy requires that our business activities comply with both the letter and the spirit of all applicable laws, rules and regulations. Although not all employees are expected to know every detail of these laws, rules or regulations, it is important to know enough to determine when to seek advice from supervisors, managers or other appropriate personnel. Any question or concern regarding legal compliance should be directed to your supervisor or our General Counsel.

#### **Confidentiality**

You must properly safeguard non-public information concerning the company that comes into your possession and not intentionally or inadvertently communicate it to any person (including family members and friends) unless the person has a need to know the information for legitimate, company-related reasons. This duty of confidentiality is important to our competitive position as well as with respect to securities laws applicable to us as a public company. Confidential information must not be disclosed to any third party unless that party needs to know the information in order to perform services for the company or there is a business reason for that party's receipt of the information. Additionally, any third party receiving confidential information should be bound by a nondisclosure agreement approved by our management, or otherwise subject to confidentiality obligations to the company. You must also abide by any specific agreements regarding confidentiality between you and the company.

Confidential information can include a variety of materials and information regarding our ongoing operations and plans and may include information provided to us by customers, partners or vendors regarding their respective operations and plans. For example, confidential information can include facility or product development plans, patents, significant new contracts, information regarding the financial health and performance of the company, personnel information, plans regarding acquisitions or divestitures, plans to raise additional capital, and marketing and sales plans.

Consistent with the foregoing, you must be discreet with respect to confidential information and not discuss it in public places.

### **Conflicts of Interest**

Business decisions and actions must always be based on the best interests of the company. No one may compete with us directly or indirectly while they are employed by us. A conflict of interest arises when your loyalties or actions are divided between the interests of the company and those of another, such as a competitor, supplier, customer, or personal business. A conflict of interest can arise if you take actions or have interests that may make it difficult to perform your work for us objectively and effectively. A conflict of interest may also arise when you, or a member of your family, receive an improper personal benefit as a result of your position in, or relationship with, the company. Moreover, even the appearance of a conflict of interest can adversely affect the company and our relations with customers, suppliers and employees.

A conflict of interest can also arise with respect to the employment of relatives and persons with close personal relationships. If you or someone with whom you have a close relationship (*e.g.*, a family member or close companion) has a financial or employment relationship with an actual or potential competitor, supplier or customer, you must disclose this fact in writing to your supervisor or in the case of the Chief Executive Officer or any director, to the Chair of the Board or Vice Chair, as appropriate, and to the Chair of the Audit Committee. We may take any action that we deem necessary to avoid or remedy an actual, prospective or perceived conflict of interest, including a reassignment of some or all of your duties or a change in your position.

You are expected to use good judgment, adhere to high ethical standards and avoid situations that create an actual or potential conflict of interest. A conflict of interest may not always be clear; therefore, you should consult with higher levels of management if you have any questions. If you become aware of a conflict or a potential conflict you should bring it to the attention of your supervisor or in the case of the Chief Executive Officer or any director, to the Chair of the Board or Vice Chair, as appropriate, and to the Chair of the Audit Committee.

### **Corporate Opportunities**

You must not take for yourself opportunities that are discovered through the use of company property, confidential information, or your position with the company. These opportunities belong to the company and may not be used by you for your personal gain without our consent. You owe a duty to the company to advance our legitimate interests when the opportunity to do so arises.

### **Fair Competition and Dealing**

Although our prosperity depends on our ability to outperform our competitors, we are committed to achieving success by fair and ethical means and seek to maintain a reputation for

honesty and fair dealing among our customers and competitors and the public alike. In light of this aim, we will not tolerate dishonest, unethical or illegal business practices. You must not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair business practice. An exhaustive list of unethical practices cannot be provided. Instead, we rely on your judgment to avoid such practices.

You must not provide any competitor with information about our prices or about internal matters affecting our prices. It is illegal to enter into any agreement with a competitor concerning price, costs, terms, customers, markets, production, business plans or any other matters that could affect competition. Keep in mind that an unspoken agreement to fix prices or allocate markets is just as illegal as a spoken or written agreement. This is a complex area. Affected employees are expected to be familiar with our Antitrust Policy and consult our legal department as appropriate.

If you are uncertain or have questions concerning the propriety of an event or course of action, discuss it with your supervisor or our General Counsel, as appropriate.

### **Health and Safety**

We are committed to providing a safe and healthy work environment. All of us have responsibility for maintaining a safe and healthy workplace by following our safety and health rules, policies and practices and reporting accidents, injuries and unsafe equipment, practices or conditions. To this end, while at work or on company business, no employee shall use, purchase, sell, deliver or possess illegal drugs or legal drugs that could cause impairment, including alcohol.

### **Environmental Responsibility**

We are committed to meeting or exceeding applicable environmental laws and regulations and to being responsible environmental stewards. Failure to meet environmental commitments may result in damage to the environment and to our reputation, as well as criminal charges, fines and liabilities. All employees must comply with applicable environmental laws, regulations and policies, including record-keeping and reporting requirements.

You should immediately report suspected environmental problems, including spills and malfunctions of environmental control equipment, to your supervisor or the appropriate manager. Supervisors and managers must take immediate appropriate remedial action and ensure that timely notification is made to government agencies as required by law.

### **Insider Trading**

You are not permitted to use, share or disseminate confidential information for stock trading purposes or for any other purpose except the conduct of our business. The use of confidential information for personal financial benefit or to “tip” others who might make an investment decision on the basis of this information is not only unethical, it is also illegal. You are required to comply with, and should consult, the company’s Insider Trading Policy in this regard.

### **Protection and Proper Use of Company Assets**

All employees are obligated to protect our property from inappropriate use, damage, loss and theft. No one may use company property, information or his or her position for

improper personal gain. Our property includes our facilities, equipment, computers, email and other communications systems, vehicles, funds and records, as well as our company name and trademarks. Company property may be used only for company business, unless prior written approval is granted. Certain incidental personal use of company property, such as communications systems, may be permitted subject to the company's information systems use policies. Any suspected incident of inappropriate use, damage, loss or theft of company property must be immediately reported to your supervisor or our legal department for investigation.

## **Record Keeping**

We require honest and accurate recording and reporting of information in order to make responsible business decisions and to comply with laws. If you use a business expense account, expenses to be reimbursed must be documented and recorded accurately. If you are not sure whether an expense is appropriate, ask your supervisor.

All of our books, records, accounts and financial statements must be maintained in reasonable detail, appropriately reflect our transactions and conform to both applicable legal requirements and our system of internal controls. All company business data, records and reports must be prepared truthfully and accurately. Our business records must be maintained for the periods specified in our applicable record retention policies.

Employees who contribute to or prepare our financial statements, public filings, submissions or communications should do so in accordance with the following guidelines:

- All records must fairly and accurately reflect the transactions or occurrences to which they relate.
- All records must fairly and accurately reflect, in reasonable detail, the company's assets, liabilities, revenues and expenses.
- Our accounting records, as well as reports produced from those records, must be prepared in accordance with the laws of each applicable jurisdiction and must not contain any false or intentionally misleading entries.
- No transactions should be intentionally misclassified as to accounts, departments or accounting periods.
- All transactions must be supported by accurate documentation in reasonable detail and recorded in the proper account and in the proper accounting period.
- No information should be concealed from internal auditors or independent auditors.
- Compliance with our system of internal accounting controls is required.

Business records and communications often become public. You should avoid exaggeration, derogatory remarks, guesswork or inappropriate characterizations of people and companies that could be misunderstood. This applies equally to e-mail, internal memos and formal reports.

## **Employment Practices**

We are committed to recruiting, promoting and supporting a diverse workforce through equal employment opportunity. Decisions regarding hiring, training, compensation, promotion and termination must be made without discrimination on the basis of race, color, sex, sexual orientation, age, religion, national origin, disability or other categories as provided by law. We are committed to maintaining a work environment free from harassment and intimidation of any type with respect to our employees, customers, competitors and suppliers.

## **Foreign Corrupt Practices Act and Improper Payments**

No secret or unrecorded fund of company assets or cash shall be established or maintained for any purpose. Anyone spending or obligating company funds should be certain that the transaction is properly and appropriately documented and that we receive appropriate value in return.

You may not provide, directly or indirectly, any payment, gift or entertainment to a government official. While modest courtesies may be lawful and appropriate under exceptional circumstance, a practice of providing such courtesies must be reviewed in advance with our legal department.

## **Gifts and Entertainment**

No gifts or entertainment may be given or accepted that would effect the business judgment of the recipient or influence a business decision.

It is common business courtesy to pay for or to accept ordinary and occasional business meals and entertainment. Indeed, appropriate accommodations of this kind properly foster business relationships based on friendship and trust. When exchanges go beyond common business courtesy in frequency, kind or value, however, you must review the situation with your supervisor.

## **Compliance Procedures**

We must all work to ensure prompt and consistent action against violations of this Code. However, in some situations, it is difficult to know right from wrong. Since we cannot anticipate every situation that will arise, it is important that we have a way to approach a new question or problem. These are the steps to keep in mind:

- *Make sure you have all the facts.* In order to reach the right solutions, one must be as fully informed as possible.
- *Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper?* This will enable you to focus on the specific question you are faced with, and the alternatives you have. Use your judgment and common sense; if something seems unethical or improper, it probably is.
- *Clarify your responsibility and role.* In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.

- *Discuss the problem with your supervisor.* This is the basic guidance for all situations. In many cases, your supervisor will be more knowledgeable about the question, and will appreciate being brought into the decision-making process. Remember that it is your supervisor's responsibility to help solve problems.
- *Seek help from company resources.* In the event it is inappropriate to discuss an issue with your supervisor, or if you do not feel comfortable approaching your supervisor with your question, you may also call our General Counsel or Chief Executive Officer, as appropriate.
- *You may report ethical violations in confidence and without fear of retaliation.* If your situation requires that your identity be kept secret, your anonymity will be protected.
- *Always ask first, act later.* If you are unsure of what to do in any situation, seek guidance *before you act.*

### **Reporting Violations of this Code**

If you become aware of a violation of this Code or believe that a violation may take place in the future, you must promptly report the matter. Failure to report a known violation allows misconduct to go unremedied and is itself grounds for discipline. Ordinarily, the report may be made to your immediate supervisor who, in turn, must report it to our General Counsel or Chief Executive Officer, as appropriate. You may also report violations of this Code by calling 888-690-3859. Such reports may be made anonymously.

If the report pertains to concerns regarding questionable accounting or auditing matters, you should direct the report to the Chair of the Audit Committee of the Board of Directors by calling 877-780-9371. Such reports may be made anonymously.

Anyone submitting a report on an anonymous basis is strongly encouraged to keep a copy of the report (if made in writing) and a record of the time and date of his or her submission, as well as a description of the matter as reported if the report was not in writing.

You are encouraged to provide as much specific information as possible, including names, dates, places and events that took place, relevant documents, and your perception of why the incident(s) may be misconduct.

If possible, you should provide a means by which you can be contacted in the event that an investigator needs to follow-up or wants to report back to you.

We will not allow retaliation against you for reporting a possible violation of this Code. However, we may take whatever action is appropriate if it can be shown that the report was knowingly false. Retaliation for reporting a federal offense is illegal under federal law and prohibited under this Code. Such retaliation will result in discipline up to and including termination of employment or service and may also result in criminal prosecution. You are protected from retaliation even if the investigator does not agree that there has been a violation. However, if you were involved in the improper activity being reported, the fact that you reported it will not necessarily prevent you from being disciplined for participation in the violation. In these circumstances, we may consider your conduct in promptly reporting the information as a mitigating factor in any disciplinary decision.

## **Accountability for Adherence to this Code**

As appropriate our Board of Directors, our Chief Executive Officer or other designated officers shall determine, necessary or appropriate actions to be taken in the event of violations of this Code. Such actions shall be reasonably designed to deter wrongdoing and to promote accountability for adherence to this Code; will include written notices to the individual involved that there has been a violation; and may include censure, demotion or re-assignment of the individual involved, suspension with or without pay and termination of the individual's employment or other service. Any waiver of this Code for executive officers or directors may be made only by the Board or a Board committee, and will be promptly disclosed as required by law.

## **Implementation**

Violations of this Code or of any direction given by management in order to effect the provisions, goals, and aims of this Code may result in disciplinary action, up to and including termination of employment.