

## **CLEARWATER RELATED PERSON TRANSACTIONS POLICY**

Under SEC rules, Clearwater Paper Corporation (“Clearwater”) must disclose business transactions that meet specified criteria between Clearwater and its consolidated subsidiaries, on the one hand, and all Related Persons (as defined in the SEC rules), on the other hand. In addition, the SEC rules require Clearwater to describe its policies and procedures for the review, approval or ratification of related person transactions that are reportable under the SEC rules, and whether these policies are in writing.

This Policy applies to all Related Persons of Clearwater.

It is the policy of the Clearwater Board of Directors that the Audit Committee of the Clearwater Board of Directors shall review, and, when appropriate, approve or ratify all Related Person Transactions in accordance with this Policy.

### **DEFINITIONS**

#### **Transactions to Which the Policy Applies**

A “**Related Person Transaction**” is a transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, in which

- Clearwater (including any and all of its subsidiaries) was, is or will be a participant, and
- the amount involved exceeds \$120,000, and
- any Related Person had, has or will have a direct or indirect material interest.

The Board of Directors has determined that the following do not create a material direct or indirect interest on behalf of the Related Person and are therefore not Related Person Transactions for purposes of this Policy:

- the transaction is one where the rates or charges involved in the transaction are determined by competitive bids, or the transaction involves the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority;
- the transaction is one in which the interest of the Related Person arises solely from the ownership of Clearwater stock and all holders of that Clearwater stock receive the same benefit on a pro rata basis;
- the transaction involves the payment of compensation to an employee of Clearwater or any of its subsidiaries and the compensation has been approved by the Compensation Committee of the Board of Directors of Clearwater;

- the transaction involves the payment of compensation to members of the Board of Directors of Clearwater and such compensation is described in Clearwater’s proxy statement in accordance with the SEC rules;
- interests arising only from the Related Person’s position as a director of another corporation or organization that is a party to the transaction;
- interests arising only from the direct or indirect ownership by the Related Person and all other Related Persons in the aggregate of less than a 10% equity interest (other than a general partnership interest) in another entity which is a party to the transaction; and
- interests arising solely from the Related Person’s position as an executive officer of another entity that, during any of the three preceding fiscal years, made payments to, or received payments from, Clearwater for property or services in an amount which do not exceed the greater of \$1 million or 2% of such other entity’s consolidated gross revenues during such fiscal year.

### **Persons to Whom and Entities to Which the Policy Applies**

A “**Related Person**” is

- any person who is, or at any time since the beginning of Clearwater’s last fiscal year was, a **Director** or **Executive Officer** of Clearwater or a nominee to become a **Director** of Clearwater;
- any person who is known to be the beneficial owner of more than 5% of any class of Clearwater’s voting securities (a “**Fixed Percent Owner**”);
- any **immediate family member** of any of the foregoing persons; and
- any firm, corporation or other entity by which any of the foregoing persons is employed or in which such person is a general partner or principal or in a similar position or in which such person has a 10% or greater beneficial ownership interest (a “**related entity**”).

An “**Executive Officer**” means any policy-making officer of Clearwater. The Executive Officers of Clearwater shall be those specified as Executive Officers in such resolution of the Board of Directors as may be in effect from time to time.

An “**immediate family member**” means any child, stepchild, parent, stepparent, spouse, domestic partner, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law and any individual sharing the household (other than a tenant or employee) of a specified person who might control or influence a principal owner or a member of management, or who might be controlled or influenced by a principal owner or member of management, because of the family relationship.

## **Identification and Notification of Related Person Transactions**

Each Director and Executive Officer of Clearwater has primary responsibility for administration of and compliance with this Policy as it relates to them. In furtherance of this Policy, Clearwater at least annually will remind Directors and Executive Officers of their obligations under this Policy.

Any person nominated to serve as a Director or proposed to be appointed an Executive Officer (other than an incumbent Director or Executive Officer) shall furnish to the Corporate Secretary a list of pre-existing and proposed transactions involving such person or his or her immediate family members or related entities that would constitute or would be expected to constitute a Related Party Transaction if such person were elected or appointed. If any such potential Related Party Transactions exist or are proposed, the Corporate Secretary shall coordinate with the Audit Committee to seek ratification at an Audit Committee meeting to be held prior to the time such Related Person is elected or appointed to his or her respective position.

If any Director or Executive Officer or any immediate family member or related entity of such Related Person proposes to enter into a transaction, or if Clearwater proposes to enter into a transaction with a Five Percent Owner, that is expected to be a Related Person Transaction, then, prior to entering into such transaction, such Related Person, or, in the case of a transaction with a Five Percent Owner, an Executive Officer with knowledge of the proposed transaction, shall notify the Corporate Secretary and provide sufficient information regarding the proposed transaction as is reasonably available to assist the Corporate Secretary in determining whether approval of the Audit Committee is required in advance of entering into the proposed transaction.

## **Approval Procedures for Related Person Transactions**

The Audit Committee shall review and consider any proposed Related Person Transaction at its next regularly scheduled meeting. The Audit Committee's review shall be based on all relevant facts and circumstances reasonably available to the Committee. The Committee shall approve only those transactions it determines are fair to and in the best interests of Clearwater, taking into account all factors deemed relevant by the Audit Committee.

If the Corporate Secretary or General Counsel determines that it is not practicable or desirable to wait until the next scheduled meeting of the Audit Committee to review and consider a particular transaction, then the Chair of the Audit Committee (the "Chair") is delegated authority under this Policy, to review and consider such transaction at an earlier time, applying the same standard of review applied by the Audit Committee. If the Chair approves any Related Party Transaction, then such approval shall be reported to the Audit Committee at its next scheduled meeting.

## **Ratification of Related Person Transactions**

On an annual basis, each Director and Executive Officer shall submit to the Corporate Secretary (or other designated officer of Clearwater), a list of all Related Person Transactions involving such Director or Executive Officer (and his or her immediate family members or related entities) that occurred during the previous fiscal year, including those that have

previously been approved according to this Policy, along with such other information as the Corporate Secretary shall specify in order to comply with this Policy.

Following receipt of the information described above, the Corporate Secretary shall report to the Audit Committee whether there were any Related Person Transactions that were not previously reviewed and considered by the Audit Committee. After review of all relevant facts reasonably available to the Audit Committee, the Audit Committee may ratify transactions theretofore unapproved that it finds are fair to and in the best interests of Clearwater.

If the Audit Committee determines not to ratify a particular transaction, the Audit Committee may direct management to take corrective steps, including but not limited to, amendment or termination of the transaction in question, changes in this Policy or in the procedures for policing this Policy, and discipline of the persons involved.