KP TISSUE INC.

NOTICE OF

ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD JUNE 14, 2016

AND

MANAGEMENT INFORMATION CIRCULAR

May 9, 2016

KP TISSUE INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual meeting (the "Meeting") of the holders (the "Shareholders") of common shares ("Common Shares") of KP Tissue Inc. (the "Corporation") will be held at 2:00 p.m. (Eastern Standard Time) on June 14, 2016 at TMX Broadcast Centre, Gallery Room, 130 King Street West, Toronto, Ontario M5X 1J2 for the following purposes:

(1) to receive the audited financial statements of the Corporation for the fiscal year ended December 31, 2015, together with the auditors' report thereon;

(2) to elect the directors of the Corporation who will serve until the next annual shareholders meeting or until their successors are appointed;

(3) to appoint the auditors of the Corporation and to authorize the directors to fix their remuneration; and

(4) to transact such other business as may properly be brought before the Meeting or any adjournment thereof.

Our Management Information Circular (the "Circular") which accompanies this notice is your guide to the business to be considered at the Meeting. You should review the information in the Circular before voting.

The Corporation's Board of Directors has fixed the close of business on April 25, 2016 as the record date for determining Shareholders entitled to receive notice of, and to vote at, the Meeting and any postponement or adjournment of the Meeting. No Shareholders becoming Shareholders of record after that time will be entitled to vote at the Meeting, or any adjournment or postponement thereof.

Whether or not you expect to attend the Meeting, please exercise your right to vote.

Registered Shareholders (as this expression is defined in the Circular) are requested to complete, date, sign and return the form of proxy they receive. To be valid, the form of proxy must be signed and received by the proxy department of the Corporation's transfer agent, TMX Equity Transfer Services, by mail at 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1, by facsimile at 1-416-595-9593 or electronically at www.voteproxyonline.com not later than 5:00 p.m. (Eastern Standard Time) on June 10, 2016, or if the Meeting is adjourned or postponed, prior to 5:00 p.m. (Eastern Standard Time) on the second business day before any adjournment or postponement of the Meeting. Failure to properly complete or deposit a proxy may result in its invalidation.

Non-Registered Shareholders (as this expression is defined in the Circular) are requested to complete the voting instruction form provided by their broker or intermediary in accordance with the instructions provided by their broker or intermediary. Please read the instructions regarding how to vote at, or attend, the Meeting under "General Proxy Matters — Non-Registered Shareholders" in the Circular.

As described in the notice-and-access notification mailed to Shareholders, this Notice of Meeting and the Circular have been prepared and delivered to beneficial shareholders under the notice-and-access rules under National Instrument 54-101 — *Communications with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102 — *Continuous Disclosure Obligations*. Accordingly, this Notice of Meeting and Circular have been posted online for our Shareholders to view on our website at www.KPTissueinc.com and on the website of our transfer agent, TMX Equity Transfer Services, at https://noticeinsite.tmxequity.com/KPTissueAM2016. They are also available on SEDAR at www.sedar.com The use of this alternative means of delivery is more environmentally friendly as it will help reduce paper use and it will also reduce the Corporation's printing and mailing costs.

Shareholders who wish to receive paper copies of the Notice of Meeting and Circular may request copies from TMX Equity Transfer Services by calling toll-free at 1-866-393-4891. A Notice of Meeting and Circular will be sent to such Shareholders at no cost to them within three business days of their request, if such requests are made before the Meeting. We must receive your request before 5:00 p.m. EDT on June 3, 2016 to ensure you will receive paper copies in advance of the deadline to submit your vote. If your request is made after the Meeting and within one year of the Circular being filed, the Corporation will mail the Circular to you within 10 calendar days of the request.

Dated at Mississauga, this 9th day of May, 2016.

By order of the Board of Directors,

(Signed) François Paroyan
General Counsel and Corporate Secretary

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KP TISSUE INC.
MANAGEMENT INFORMATION CIRCULAR

This management information circular (the "Circular") is furnished by management of KP Tissue Inc. (the "Corporation") in connection with the solicitation of proxies for use at the annual meeting of shareholders (the "Meeting") to be held on June 14, 2016 at 2:00 p.m. (Eastern Standard Time) at 130 King Street West, Toronto, Ontario M5X 1J2 or any postponements(s) or adjournment(s) thereof, for the purposes set forth in the notice of meeting (the "Notice of Meeting").

Capitalized terms used in this Circular have the respective meanings set out in the "Glossary of Terms" which is attached as Appendix "A" to this Circular. Information in this Circular is given as at May 9, 2016, unless otherwise indicated.

No person has been authorized to give any information or to make any representation in connection with any other matters to be considered at the Meeting other than those contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized.

GENERAL PROXY MATTERS

As a Shareholder, it is very important that you read this information carefully and then vote your common shares of the Corporation (the "Common Shares"), either by proxy or voting instruction form or by attending the Meeting.

Date, Time and Place of Meeting

The Meeting is scheduled to be held on June 14, 2016 at 2:00 p.m. (Eastern Standard Time) at 130 King Street West, Toronto, Ontario M5X 1J2, for the purposes set forth in the Notice of Meeting. The Corporation reserves the right to adjourn or postpone the Meeting if considered appropriate by the Board of Directors of the Corporation (the "Board of Directors").

Record Date

The Board of Directors has established the record date for the Meeting as the close of business on April 25, 2016 (the "Record Date"). Only Shareholders of record at the close of business on the Record Date will be entitled to notice of the Meeting or any adjournment or postponement thereof, and to vote at the Meeting. No Shareholders becoming Shareholders of record after that time will be entitled to vote at the Meeting, or any adjournment or postponement thereof.

Quorum

A quorum of Shareholders is present at a meeting of Shareholders if the holders of not less than 25% of the Common Shares entitled to vote at the Meeting are present in person or represented by proxy, and at least two persons entitled to vote at the Meeting are actually present at the Meeting.

Solicitation of Proxies

The information contained in this Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of the Corporation to be used at the Meeting and for the purposes set forth in the Notice of Meeting. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally by telephone or other electronic means by management of the Corporation, including its directors and officers. Kruger Products L.P. ("KPLP"), which bears all of the ordinary course expenses of the Corporation pursuant to the Administration Agreement (as defined below), will bear the costs of the solicitation.

Notice-and-Access

"Notice-and-access" provisions have been adopted by the Canadian Securities Administrators under National Instrument 54-101 — *Communications with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101") and National Instrument 51-102 — *Continuous Disclosure Obligations* to permit issuers to post proxy-related materials on an easily-accessible website, rather than mailing copies to security holders.

The Corporation has elected to use notice-and-access and will be delivering the Circular to Shareholders by posting it on the website of our transfer agent, TMX Equity Transfer Services, at https://noticeinsite.tmxequity.com/KPTissueAM2016, and on the Corporation's website at http://www.KPTissueinc.com. The Circular will also be available on SEDAR at www.sedar.com. The Corporation has sent a notice-and-access notification and either a form of proxy for Registered Shareholders or a voting instruction form for Non-Registered Shareholders (collectively, the "Notice Package") to all Shareholders informing them that the Circular is available online, how it may be accessed and how to request a paper copy at no charge. The Corporation has received an exemption under the *Canada Business Corporations Act* (the "Act") permitting it to use notice-and-access with respect to the delivery of the Circular.

The Corporation has elected to use notice-and-access as this alternative means of delivery is more environmentally friendly as it will help reduce paper use and it will also reduce the Corporation's printing and mailing costs.

The Corporation is sending the Notice Package directly to non-objecting beneficial owners under NI 54-101.

Registered Shareholders

You are a registered shareholder (a "Registered Shareholder") if your name appears on your share certificate. Each Registered Shareholder is entitled to one vote for each Common Share registered in his or her name as of the Record Date.

If you are a Registered Shareholder, you can vote in person at the Meeting or by proxy. Voting by proxy means that you are giving the person or people named on your proxy form (your proxyholder) the authority to vote your Common Shares for you at the Meeting or any adjournment or postponement thereof.

If your Common Shares are registered in the name of an Intermediary (as hereinafter defined) or in the name of a depositary (such as CDS), refer to "Non-Registered Shareholders" below.

<u>How to Vote in Person</u>

If you intend to be present and vote in person at the Meeting, you do not need to complete or return your proxy form. Voting in person at the Meeting can revoke any proxy you completed earlier upon your request. At the Meeting, you should see a representative of TMX Equity Transfer Services, the Corporation's transfer agent.

<u>How to Vote by Proxy</u>

In the Notice Package is the form of proxy that you may use to authorize another person to vote on your behalf at the Meeting.

Your proxyholder is the person you appoint to cast your votes at the Meeting on your behalf. **You may choose Mario Gosselin or Mark Holbrook or any other person that you want to be your proxyholder. Each Shareholder is entitled to appoint a person other than the individuals named in the form of proxy enclosed in the Notice Package to represent such Shareholder at the Meeting.** Your proxyholder is not required to be another Shareholder. If you want to authorize Mario Gosselin or Mark Holbrook as your proxyholder, please leave the line near the top of the form of proxy blank as Mario Gosselin and Mark Holbrook's names are already preprinted on the form. If you want to authorize another person as your proxyholder, fill in that person's name in the blank space located near the top of the form of proxy.

Your proxy authorizes the proxyholder to vote or otherwise act for you at the Meeting. **If you return the attached form of proxy and have left the line for the proxyholder's name blank, then Mario Gosselin or Mark Holbrook will automatically become your proxyholder.**

To be valid, the form of proxy must be filled out, correctly signed (exactly as your name appears on the form of proxy) and returned to TMX Equity Transfer Services by mail at 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1, or by facsimile at 1-416-595-9593, or electronically at www.voteproxyonline.com not later than 5:00 p.m. (Eastern Standard Time) on June 10, 2016, or, if the Meeting is adjourned or postponed, prior to 5:00 p.m. (Eastern Standard Time) on the second business day preceding the day of the Meeting. Failure to properly complete or deposit a proxy may result in its invalidation.

You may instruct your proxyholder how you want to vote on the matters listed in the Notice of Meeting by checking the appropriate boxes on the form of proxy. If you have specified on the form of proxy how you want to vote on a particular issue, then your proxyholder must cast your votes as instructed.

If you have not specified how to vote on a particular matter, your proxyholder is entitled to vote your Common Shares as he or she sees fit. Please note that if your form of proxy does not specify how to vote on any particular matter and if you have authorized Mario Gosselin or Mark Holbrook to act as your proxyholder (by leaving the line for the proxyholder's name blank on the form of proxy), your Common Shares will be voted at the Meeting as follows:

- FOR the election of each of management's nominees as directors of the Corporation; and
- FOR the appointment of PricewaterhouseCoopers LLP as auditor and the authorization of the Board of Directors to fix their remuneration.

For more information on these matters, please see the section entitled "Business of the Meeting" below.

How to Change your Vote

A Registered Shareholder executing the form of proxy enclosed in the Notice Package may revoke it at any time before it has been exercised by:

- completing a proxy form that is dated later than the proxy form you are revoking and mailing it to TMX Equity Transfer Services so that it is received before 5:00 p.m. (Eastern Standard Time) on June 10, 2016;
- sending a revocation notice in writing to the Corporate Secretary of the Corporation at its registered office so that it is received at any time up to and including the last business day before the date of the Meeting. The notice can be from the Shareholder or the authorized attorney of such Shareholder; or
- attending the Meeting and providing a revocation notice to the chair of the Meeting before any vote in respect of which the proxy has been given has been taken.

Non-Registered Shareholders

Information set forth in this section is very important to persons who hold their Common Shares otherwise than in their own name.

Only Registered Shareholders at the close of business on the Record Date, or the persons they appoint as their proxyholders, are permitted to vote at the Meeting.

In many cases, Common Shares that are beneficially owned by a person who is a "Non-Registered Shareholder" are registered (i) in the name of an intermediary (an "Intermediary") with whom the Non-Registered Shareholder deals in respect of the Common Shares, such as a securities broker, bank, trust company or trustee or administrator of a self-administered RRSP, RRIF, RESP or similar plans, or (ii) in the name of a clearing agency, such as CDS, in which the Intermediary is a participant. Non-Registered Shareholders should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the Registered Shareholders can be recognized and acted upon at the Meeting. Without specific instructions, Intermediaries and their agents or nominees are prohibited from voting Common Shares for their clients.

If you are not sure whether you are a Registered Shareholder or a Non-Registered Shareholder, please contact the Corporation's transfer agent, TMX Equity Transfer Services at 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1 or by e-mail at investor@equityfinancialtrust.com.

How to Vote by Voting Instruction Form

Applicable regulations in Canada require Intermediaries to seek voting instructions from Non-Registered Shareholders in advance of the Meeting. Accordingly, Non-Registered Shareholders will receive or have already received from their Intermediary a voting instruction form for the number of Common Shares they hold. Every Intermediary has its own mailing procedures and provides its own signature and return instructions, which should be carefully followed by Non-Registered Shareholders in order to ensure that their Common Shares are voted at the Meeting. Most Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Communications Corporation ("Broadridge"). Broadridge typically prepares a voting instruction form that it mails to Non-Registered Shareholders and asks them to return the voting instruction form directly to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions representing the voting of Common Shares represented at the Meeting. A Non-Registered Shareholder receiving a voting instruction form cannot use that voting instruction form to vote his or her shares directly at the Meeting. The voting instruction form must be returned to Broadridge or the Intermediary, if the latter has not delegated this responsibility to Broadridge, well in advance of the Meeting to have the Common Shares voted.

How to Vote in Person

If Non-Registered Shareholders wish to vote in person at the Meeting, they are required to insert their own name in the space provided on the voting instruction form provided by the Intermediary to appoint themselves as proxyholder and follow the signature and return instructions of their Intermediary. Non-Registered Shareholders who appoint themselves as proxyholders should present themselves to a representative of TMX Equity Transfer Services prior to the commencement of the Meeting on the date thereof. Those Non-Registered Shareholders do not otherwise have to complete the voting instruction form sent to them as they will be voting at the Meeting.

Exercise of Discretion by Proxyholders

The form of proxy enclosed in the Notice Package and any voting instructions submitted confer discretionary authority upon the persons named therein with respect to matters not specifically mentioned in the Notice of Meeting but which may properly come before the Meeting or any adjournment(s) or postponement(s) thereof and with respect to amendments to or variations of matters identified in the Notice of Meeting. As at the date hereof, management knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting and routine matters incidental to the conduct of the Meeting. If any further or other business is properly brought before the Meeting, it is intended that the persons appointed as proxy will vote on such other business in such manner as such persons then consider to be proper.

COMMON SHARES AND PRINCIPAL SHAREHOLDERS

The Corporation's authorized share capital consists of an unlimited number of Common Shares. As of the Record Date, the Corporation had 9,021,051 issued and outstanding Common Shares.

Voting Rights

The Common Shares carry one vote per share for all matters coming before Shareholders.

Unless a different majority is required by law or our Articles, resolutions to be approved by holders of Common Shares require approval by a simple majority of the total number of votes of all Common Shares cast at a meeting of Shareholders at which a quorum is present with holders of Common Shares entitled to one vote per share.

The holders of Common Shares are entitled to receive notice of any meeting of Shareholders of the Corporation, and to attend and vote at those meetings, except those meetings at which holders of a specific class of shares are entitled to vote separately as a class under the Act. As of the date of this circular, there were no classes of shares other than the Common Shares.

Ownership of Common Shares of the Corporation

As at the Record Date, no person or company owned of record or, to the Corporation's knowledge, beneficially owned, directly or indirectly, or controlled or directed more than 10% of the Common Shares.

BUSINESS OF THE MEETING

Financial Statements

The audited financial statements of the Corporation for the financial year ended December 31, 2015, together with the auditors' report thereon (the "Corporation Financial Statements"), will be submitted at the Meeting, but no vote thereon is required. The Corporation Financial Statements, together with the management's discussion and analysis, are available on the SEDAR website at www.sedar.com.

Election of Directors

The Corporation's Articles state that its Board of Directors shall have a minimum of four and a maximum of nine directors. The Board of Directors is currently comprised of four directors (a size which allows for the seating of three independent directors for nomination to the board of directors of KPGP (the "KPGP Board") and a board member nominated by Kruger pursuant to the Limited Partnership Agreement (as defined below)). Since the Corporation's business is limited to its investment in KPLP and related activities, the Corporation Board does not currently believe that a Corporation board size greater than four directors would be necessary or appropriate. KPGP, the general partner of KPLP, the operating entity in which the Corporation holds an interest, has a more typical board size of nine members. See "Corporate Governance of the Corporation" and "Corporate Governance of KPLP".

At the meeting, the four individuals identified in the section "Nominees for Election to the Board of Directors" will be nominated for election as directors. Each director will hold office until the next annual meeting of Shareholders, unless the director resigns or the director's office becomes vacant for any reason. The directors are elected annually and, unless re-elected, retire from office at the end of the next annual general meeting of Shareholders, provided their successors have then been elected.

Unless a proxy specifies that the Common Shares it represents should be withheld from voting in respect of the election of directors, the persons named in the form of proxy enclosed in the Notice Package intend to vote FOR the election of the nominees listed in this Circular.

As of the date hereof, management of the Corporation does not expect that any of the nominees will be unable to serve as a director. However, if, for any reason, at the time of the Meeting any of the nominees are unable to serve and unless otherwise specified, it is intended that the persons designated in the form of proxy will vote in their discretion for a substitute nominee or nominees.

Majority Voting Policy

The Board of Directors has adopted a majority voting policy in director elections that will apply at any meeting of Shareholders at which an uncontested election of directors is held. Pursuant to the policy, if the number of proxy votes withheld for a particular director nominee is greater than the votes for such director, the director nominee will be required to promptly submit his or her resignation to the Board of Directors, to take effect on acceptance by the Board of Directors.

Following receipt of a resignation submitted pursuant to the policy, the Nominating Committee of the Corporation shall consider whether or not the resignation should be accepted and shall recommend to the Board of Directors whether or not to accept it. Absent exceptional circumstances, the Board of Directors will accept the resignation. In considering whether or not the resignation should be accepted, the Nominating Committee will evaluate the best interests of the Corporation and its shareholders and will consider a number of factors including, without limitation, any alternatives to cure the underlying cause of the withheld votes, any obligations of the Corporation with respect to the nomination of directors, and whether accepting the resignation would cause the Corporation to fail to meet any applicable listing or regulatory requirement.

Within 90 days following the applicable meeting of the Corporation's shareholders, the Board of Directors shall make its decision and, promptly following its decision, announce it by way of news release including, if applicable, the reasons for rejecting the resignation offer. A copy of the news release must be provided to the Toronto Stock Exchange. The Board of Directors is not limited with respect to any action it may take if a director's resignation is accepted including appointing a new director to fill the vacancy.

A director who tenders his or her resignation pursuant to this majority voting policy shall not be permitted to participate in any meeting of the Board of Directors or any committee of the Board of Directors at which his or her resignation is considered.

A copy of the majority voting policy of the Corporation may be found on the Corporation's website at www.kptissueinc.com.

Appointment of Auditor

At the Meeting, Shareholders will be asked to appoint PricewaterhouseCoopers LLP ("PwC") to hold office as the Corporation's auditors until the close of the next annual meeting of Shareholders and to authorize the Board of Directors to fix their remuneration.

PwC has served as auditors of the Corporation since its incorporation in 2012 and has advised the Corporation that it is independent of each of the Corporation and KPLP in accordance with all relevant professional and regulatory standards.

Unless a proxy specifies that the Common Shares it represents should be withheld from voting in respect of the appointment of auditors, the persons named in the form of proxy enclosed in the Notice Package intend to vote FOR the appointment of PwC as auditors of the Corporation and the authorization of the directors of the Corporation to fix their remuneration.

Additional details with respect to external auditor fees charged to the Corporation and KPLP for past services can be found in the section "Audit Committee Information regarding the Corporation" and "Audit Committee Information regarding KPLP" of the Annual Information Form, which can be viewed on the SEDAR website at www.sedar.com.

NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS

Description of Proposed Director Nominees

Four directors are to be elected at the Meeting, each of whom is to hold office until the end of the next annual meeting of Shareholders or until their successors are elected or appointed.

All nominees have established their eligibility and willingness to serve as directors. If prior to the Meeting, any of the listed nominees would become unable or unavailable to serve, proxies will be voted for any other nominee or nominees at the discretion of the proxyholder.

The following table sets out, for each of the nominees, the person's name, province or state and country of residence, positions with the Corporation, as applicable, principal occupation during the five preceding years and the date on which the person became a director.

Name and Province or State and County of Residence	Position(s) Title(s)	Since	Voting securities beneficially Owned, Controlled or Directed by Director	Principal Occupation for Past Five Years
Susan J. McArthur(1)(3)(4) Ontario, Canada	Independent Director (Chairperson)	October, 2012	1,200	Managing Partner of GreenSoil Investments (April 2013 – present); Senior Investment Banker at Jacob Securities Inc. (November 2007 – April 2013)
James Hardy(1)(3)(4) Ontario, Canada	Independent Director	June 2014	0	Chief Investment Officer and Chief Financial Officer of Revera Inc. (April 2015 – present); Chief Financial Officer of Revera Inc. (January 2013 – April 2015); Chief Financial Officer of Public Mobile Inc. (October 2009 – December 2012); President of J. Richmond & Co. (October 2008 – October 2009)
Michel Letellier(1)(2)(3) Québec, Canada	Independent Director	October, 2012	2,500	President and Chief Executive Officer of Innergex Renewable Energy Inc. (October 2007 – present)
David Spraley(2) Québec, Canada	Director	October, 2012	4, 818	Executive Vice President and Chief Operating Officer of Kruger (April 2012 – present); Executive Vice President, Corporate Development of Kruger (August 2011 – April 2012); Senior Vice President – Manufacturing, Pulp and Paper Operations of AbitibiBowater Inc. (now Resolute Forest Products Inc.) (August 2006 – June 2011)

(1) Member of the Corporation Audit Committee and the KPGP Audit Committee.
(2) Member of the KPGP Compensation Committee.
(3) Member of the Corporation Nominating Committee.
(4) Member of the KPGP Governance Committee. .

Biographies

Susan J. McArthur

Susan J. McArthur is a Managing Partner at Greensoil Investments, a private equity firm, specializing in investing in Agro Food Technology and Building Innovation Technology. Prior to joining Greensoil Investments, Ms. McArthur was a Senior Investment Banker at Jacob Securities Inc., an investment banking firm specializing in renewable energy, oil & gas, mining and infrastructure. Ms. McArthur has advised corporate clients on a broad range of transactions including acquisitions and divestitures, public and private equity and debt financing, capital restructuring and other strategic initiatives.

Ms. McArthur has held positions with Rothschild Canada Limited in Toronto, Lazard Freres & Co in New York and Paris and The First Boston Corporation in New York. Ms. McArthur previously chaired the Board of Management of the Canada Revenue Agency and currently sits on the board of directors of Great West Lifeco (a reporting issuer), First Capital Realty (a reporting issuer) and is a Trustee of Chemtrade Logistics Income Fund (a reporting issuer). Ms McArthur also sits on the Member Council of Sustainability Development Technology Canada. Ms. McArthur has previously served as director on a number of boards including Globalive Wireless Management (Wind Mobile), UBS Bank Canada, Orvana Minerals Inc, Bonus Resources Services, Canadian Club of Toronto, Luminato and the Toronto International Film Festival. Ms. McArthur is a graduate of the University of Western Ontario

Ms. McArthur is Chair of the Corporation Board, on the Corporation Audit Committee and Nominating Committee, the KPGP Audit Committee and the KPGP Governance Committee.

James Hardy

James Hardy is the Chief Investment Officer and Chief Financial Officer of Revera Inc. providing strategic leadership to Revera's finance team. Prior to joining Revera, Mr. Hardy was Chief Financial Officer at Public Mobile Inc. from 2009 to 2012. Prior to that, he spent a year as President of J. Richmond & Co. Mr. Hardy has over 26 years' experience as a corporate executive, investment banker and entrepreneur.

Mr. Hardy holds an ICD D designation from the University of Toronto (2010); a Master of Business Administration degree, with distinction, from Ivey School of Business University of Western Ontario (1988), is a member APEG Professional Engineers and Geoscientists of British Columbia (1983), and holds a Bachelor of Applied Science in Electrical Engineering from the University of British Columbia (1982).

Mr. Hardy sits on the Board of Directors of Sunrise Senior Living.

Mr. Hardy is Chairman of the Corporation Audit Committee, on the Corporation Nominating Committee, Chairman of the KPGP Audit Committee and on the KPGP Governance Committee.

Michel Letellier

Michel Letellier is the President and Chief Executive Officer of Innergex Renewable Energy Inc. ("Innergex"). He first joined a predecessor entity of Innergex in 1997 as Vice President – Finance. He was appointed Executive Vice President and Chief Financial Officer in 2003, and later appointed President and Chief Executive Officer of Innergex in October 2007. Mr. Letellier is responsible for providing strategic leadership and overseeing all of the Innergex's business activities, in order to ensure its sound financial management and long-term sustainability.

Prior to joining Innergex, Mr. Letellier worked at Boralex Inc. from 1990 to 1997, where he was involved in the development and operation of several run-of-river hydroelectric projects and where he held positions of increasing responsibility. Prior to that, he spent two years as a member of the Corporate Finance group at Brault Guy O'Brien Inc.

Mr. Letellier holds a Bachelor of Commerce (Finance) degree from Université du Québec à Montréal (1986) and a Master of Business Administration degree from Université de Sherbrooke (1988).

Mr. Letellier sits on the Board of Directors of Innergex, a reporting issuer in Canada, as well as on the Boards of Directors of several partnerships co-owned by Innergex with First Nations and other external partners.

Mr. Letellier is on the Corporation Audit Committee, the Corporation Nominating Committee, the KPGP Audit Committee, as well as the KPGP Compensation Committee.

David Spraley

David A. Spraley is Executive Vice President and Chief Operating Officer of Kruger. Prior to joining Kruger, Mr. Spraley accumulated over 30 years of experience in the forest industry, both in the pulp and paper sector and the consumer products side of the business.

Mr. Spraley started his career at Mead Corporation where he held positions of increasing responsibility from 1978 to 1991. He then joined Georgia-Pacific for the following 15 years, earning extensive experience, particularly in the consumer products division. The last position he held was Senior Vice President, Consumer Products Manufacturing. As such, he was responsible for six integrated manufacturing operations producing tissue, pulp and fine paper.

Mr. Spraley joined AbitibiBowater (now Resolute Forest Products) in 2006, where he held various senior positions from 2006 to 2011. Most recently, he was Senior Vice President, Manufacturing, Pulp and Paper Operations, overseeing operations for 19 facilities in Canada, South Korea and the USA. These facilities produced bleached kraft pulp, coated paper, newsprint and hydroelectricity.

Mr. Spraley holds a Bachelor of Science in Chemical Engineering from the University of Dayton.

Mr. Spraley is on the KPGP Compensation Committee.

Cease Trade Orders or Bankruptcies

To the knowledge of the Corporation and based on the information provided by the proposed directors, and other than as described below, none of the proposed directors:

(a) is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, CEO or CFO of any company (including us) that,

 (i) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, CEO or CFO; or

 (ii) was subject to an order that was issued after the director or executive officer ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as a director, CEO or CFO;

(b) is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company (including us) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(c) has, within 10 years before the date of Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

For the purposes of the paragraphs above, “order” means: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days.

David Spraley was an executive officer of AbitibiBowater Inc. (now Resolute Forest Products) from 2006 to 2011. In 2009, AbitibiBowater Inc., together with certain of its U.S. and Canadian subsidiaries, filed voluntary petitions in the United States Bankruptcy Court for the District of Delaware for relief under the provisions of

Chapter 11 and Chapter 15 of the United States Bankruptcy Code, as amended, and certain of its Canadian subsidiaries sought creditor protection under the Companies' Creditors Arrangement Act with the Superior Court of Québec in Canada. AbitibiBowater Inc. emerged from its process pursuant to the Companies' Creditors Arrangement Act as of December 9, 2010. On the same date its directors were released from any obligations they may have had to AbitibiBowater Inc.'s creditors. On November 23, 2010 AbitibiBowater Inc. secured a confirmation Order of its Plan of Reorganization Under Chapter 11 of the Bankruptcy Code (As Amended). On December 9, 2010, the Plan became effective.

Penalties or Sanctions

To the knowledge of the Corporation and based on the information provided by the proposed directors, and other than as described below, none of the proposed directors has (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

Nomination Right Under Limited Partnership Agreement

Pursuant to the amended and restated limited partnership agreement dated December 13, 2012 between KPGP, Kruger, and the Corporation (the "Limited Partnership Agreement"), for so long as the Kruger Aggregate Ownership Interest (as such term is defined in the Limited Partnership Agreement) is equal to or greater than 20%, Kruger shall be entitled to require that the Corporation propose in the proxy materials to be sent by the Corporation to the holders of Common Shares one nominee designated by Kruger within the slate of directors for election at each annual general meeting of Shareholders or at any other meeting of Shareholders convened, *inter alia*, for the purpose of electing directors. Provided the person proposed by Kruger for inclusion in the slate of directors of the Corporation meets the qualification criteria under the Act and complies with other legal requirements, including the applicable rules of any stock exchange on which the Corporation is listed, the Corporation shall include such person's name in its proxy materials and recommend that shareholders entitled to vote so vote in favour of such person. David Spraley is the nominee director proposed by Kruger for election at the Meeting.

EXECUTIVE COMPENSATION DISCUSSION AND ANALYSIS

Introduction

The Corporation does not employ any remunerated officers and does not have any employees. Mr. Mario Gosselin, Chief Executive Officer of KPLP, Mr. Mark Holbrook, Chief Financial Officer of KPLP and Mr. François Paroyan, General Counsel and Corporate Secretary of KPLP, have been appointed, respectively, as Chief Executive Officer, Chief Financial Officer and General Counsel and Corporate Secretary of the Corporation. They are not compensated by the Corporation for these services.

The administration agreement dated December 13, 2012 between KPLP, as administrator, and the Corporation (the "Administration Agreement") governs the administration of the ongoing operations and affairs of the Corporation. Under the Administration Agreement, KPLP, as administrator, agreed to provide management services to the Corporation to support its operation as a public company. The responsibilities of KPLP, as administrator, are such that the Corporation does not require its own management or hire any employees. Pursuant to the Administration Agreement, KPLP, as administrator, directly bears and pays for all of the Corporation's normal operating expenses incurred in connection with the ordinary course operation of a company that is a reporting issuer. The Corporation does not remunerate KPLP or any officer or director of KPLP for services provided pursuant to the Administration Agreement.

Pursuant to an undertaking provided by the Corporation to the securities regulatory authorities in Canada, the Corporation has undertaken that, subject to certain exceptions, in complying with its continuous disclosure obligations as a reporting issuer, it will treat KPLP as a subsidiary. On this basis, certain officers of KPLP are "named executive officers" of the Corporation for the purposes of its required disclosure under Form 51-102F6 — *Statement of Executive Compensation*.

The following discussion describes the significant elements of KPLP's executive compensation program, with particular emphasis on the process for determining compensation payable to the chief executive officer (the "CEO"), the chief financial officer (the "CFO") and, other than the CEO and the CFO, each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000 (collectively, the "Named Executive Officers" or "NEOs"). The NEOs are:

- Mario Gosselin, CEO;
- Mark Holbrook, CFO;
- Michel Manseau, Corporate Vice President, Consumer Sales Canada;
- Nancy Marcus, Corporate Vice President, Marketing; and
- Gordon Goss, Corporate Vice President, Consumer USA and Mexico

Overview

The compensation of the executive officers of KPLP is paid by KPLP and, as described below, is determined on the basis of KPLP's financial performance and in accordance with the objectives and performance indicators set by KPLP and approved by the KPGP Board after consultation with the KPGP Compensation Committee. See "Compensation Committee", below.

The KPGP Board makes decisions regarding salaries, annual bonuses and other compensation for the CEO and establishes guidelines for the compensation of the other executive officers of KPLP based on recommendations made by the KPGP Compensation Committee. The compensation of KPLP executive officers (other than the CEO) is determined by the CEO of KPLP based upon the guidelines established by the KPGP Board.

Compensation Components

KPLP's executive compensation consists primarily of three elements: base salary, a short-term cash incentive plan and a long-term incentive plan. Each element of compensation is described in more detail below.

Base Salary

Base salaries for KPLP's executive officers are established based on the scope of their responsibilities and their prior relevant experience, taking into account competitive market compensation for similar positions and the overall market demand for such executives at the time of hire. An executive officer's base salary is also determined by reviewing the executive officer's other compensation to ensure that the executive officer's total compensation is in line with KPLP's overall compensation philosophy.

Base salaries are reviewed annually at which time, in addition to the above, an individual's performance and level of contribution are assessed. Additionally, KPLP adjusts base salaries as warranted throughout the year for promotions or other changes in the scope or breadth of an executive officer's role or responsibilities.

Annual Bonus

KPLP has a short-term cash incentive plan (the "STCIP"), the purpose of which is to provide eligible employees (including the NEOs) a bonus payment. For executive management the STCIP is weighted as follows: (a) 50% based on corporate financial performance measured by KPLP's Adjusted EBITDA and (b) 50% based on cost reduction initiatives measured against an annual target. Each participant is provided with an individual bonus target for a given fiscal year, established as a percentage of such participant's base salary (100% for Mario Gosselin and 35% for the other NEOs) (the “Target Bonus”). For each component of the STCIP, upon the achievement by KPLP of the assigned target in respect of that component (Adjusted EBITDA or cost reduction) for the then current fiscal year, the participant may receive 100% of the bonus in respect of that component. For each component of the STCIP, if KPLP’s performance is below or exceeds the relevant target, the participant’s bonus is established on a sliding scale for a payment varying between 0% and 200% of the bonus for that component. In certain circumstances, the NEOs may also receive a discretionary bonus based on individual performance. There were no discretionary bonus payments for the NEO’s in Fiscal 2015.

Long-Term Incentive Plan

KPLP has adopted a long-term incentive plan (the “LTIP”) for the CEO, CFO, Corporate Vice- Presidents and other designated senior executives. In Fiscal 2015, 15 employees of KPLP were eligible for participation in the LTIP. The goals of the LTIP are to:

- attract qualified candidates
- retain the participating members of senior management
- encourage the executives in executing the strategic plan of KPLP
- provide the executives with an incentive to create economic value for the shareholders of KPLP and the Corporation
- align the interests of senior management with those of the shareholders

The LTIP is administered by the KPGP Compensation Committee. The plan is reviewed annually for alignment with market trends and the strategic objectives of KPLP.

The plan is based on Performance Share Units (PSUs). The PSUs represent notional or phantom shares, and the value of the PSUs will track the Corporation’s stock price over a three year period. There are two components to the PSUs granted: Adjusted EBITDA Return on Capital Employed (“ROCE”) and Total Shareholder Return (“TSR”). Weightings are applied to the granted PSUs as follows: ROCE PSUs: 75%, TSR PSUs: 25%.

Payouts under the LTIP for ROCE PSUs are subject to KPLP meeting an established ROCE target based on a three year rolling average. Payouts for TSR performance are determined based on the Corporation’s stock price change and dividend yield (combined measure to reflect Total Shareholder Return) ranked against a set of five direct competitors in the market over the same three year period.

PSUs are granted each year in May at the discretion of the KPGP Compensation Committee and vesting of PSUs occurs on the third anniversary of the award in May, subject to meeting the criteria described above. The total number of PSUs to be awarded to a participant, for a given year, is determined as per the following formula: participant’s annual salary x target percentage / share price at grant date = granted PSUs. The target percentages are as follows: CEO (56.67%); CFO (43.33%); Corporate Vice Presidents (40%); and other senior designated executives: (33.33%). The share price at grant date is the average of the weighted average closing price of the Common Shares on the TSX for the 20 days that precede the date on which the PSUs are granted.

The PSUs vest to the Participant under each performance component of the LTIP according to the degree of attainment of the objectives on the results date (being the date at which the last financial results of KPLP that will serve to establish the degree of attainment of the objectives are approved by the KPGP Board). The performance objectives are measured using a range of minimum, target and exceptional performance levels from 0% to 150% of target, to determine a performance vesting factor for ROCE and for TSR PSUs. These factors are then multiplied by the number of ROCE and TSR PSUs granted to determine the number of PSUs that will vest to the Participant. Under the LTIP, PSUs are also credited to a participant at the same rate as dividends declared on Common Shares. The final payout to the participant is therefore determined using the following formula: (total PSU’s vested + PSUs credited as dividend equivalents) x share price at vesting date = payout. The share price at vesting date is the average of the weighted average closing price of the Common Shares on the TSX for the 20 days that precede the date on which the PSUs vest.

Payout of vested amounts is made in cash in May of the third year following the reference year. For example, the vesting and payout of PSUs granted in 2015 will be in May 2018, provided the participant is still in the employ of KPLP or Kruger Inc. and that the relevant performance criteria are met. If the employment of the eligible participant is terminated for cause or he or she resigns, all amounts allocated to such participant under the LTIP are forfeited. If the employment of the eligible participant is terminated without cause, all previously allocated amounts continue to vest and become payable in their normal course. Upon retirement, all previously allocated amounts vest immediately and payments are made in their normal course.

KPLP does not publicly disclose the specific Adjusted EBITDA or cost reduction targets set under the STCIP or the ROCE or TSR targets for the LTIP, because disclosure of such information could result in competitive harm. KPLP's corporate objectives are designed to drive sustainable growth and performance on an individual basis. The targets are set such that they are challenging to meet but realistically attainable with significant effort and strong corporate performance. It is possible that payments under the STCIP will not be made at all or will be made at less than 100% of the Target Bonus and that PSUs granted will not vest and there will be no payment in respect thereof.

Compensation Risk

While there has been no formal consideration by the KPGP Board or the KPGP Compensation Committee of the implications of risks associated with KPLP's compensation policies and practices, the current structure of KPLP's executive compensation arrangements are inherently designed not to encourage executive officers to expose KPLP to inappropriate or excessive risks. The following elements of KPLP's executive compensation arrangements correlate to the long-term performance of the Corporation:

- compensation with a well-balanced mix of salary, STCIP and LTIP;
- the use of performance metrics, such as Adjusted EBITDA and ROCE, that are aligned with KPLP's business growth strategy;
- the use of a sliding scale to grant annual cash bonuses (as opposed to an all-or-nothing proposition);
- policies and practices that are generally applied on a consistent basis to all executive officers;
- the fact that the Insider Trading Policy of the Corporation and KPLP prohibits insiders (which include, among others, the Corporation's directors and KPLP's directors and executive officers) from engaging in short sales of the Corporation's securities, investing in Corporation-based derivative securities or purchasing securities of the Corporation on margin; and
- the fact that employment agreements of executive officers do not provide excessive severance in the case of termination.

Compensation Committee

The KPGP Board has a human resources and compensation committee (the "KPGP Compensation Committee") which is composed of three directors, namely Joseph Kruger II (Chairman), David Spraley and Michel Letellier. Michel Letellier is an independent director and a member of the Corporation Board. The Limited Partnership Agreement provides that the KPGP Compensation Committee shall be a three member committee composed of at least one Corporation Nominee.

The biography of each of Michel Letellier and David Spraley is set out above under "Nominees for Election to the Board of Directors — Biographies" and the biography of Joseph Kruger II is set out in the section "Directors and Executive Officers of KPLP" in the Annual Information Form, which section is incorporated by reference herein (and available on the SEDAR website at www.sedar.com).

The KPGP Compensation Committee has a variety of responsibilities relating to compensation, including, but not limited to, the following:

- Assess annually the performance of the CEO against the specific performance criteria, goals and objectives determined by the KPGP Board and such other factors as the Compensation Committee deems appropriate and in the best interest of the Corporation, and establishing the CEO's compensation based on this evaluation;

- Review shareholdings of the CEO and other senior executives relative to the share ownership guidelines established by the Committee, including share-equivalent ownership, if applicable.

- Review with the CEO the annual performance assessment of all other senior executives and to report annually to the KPGP Board on all of the foregoing.

- Review and make recommendations regarding the KPGP's overall compensation philosophy and strategy to ensure that compensation policies and/or practices followed by KPGP are designed to recognize and reward performance and establish a compensation framework, which is industry competitive and which results in the creation of shareholder value over the long-term (i.e. management and KPGP Board incentives are aligned with shareholders' interests).

- Identify, assess and mitigate applicable risks associated with KPGP's compensation policies and practices.

- Design, establish and oversee KPGP's executive compensation policy, including annual and long term incentive compensation programs, which includes:

    - considering compensation principles and objectives for total compensation that reflect desired competitive positioning and comparator groups such that they are in line with recruitment and retention objectives of KPGP;

    - oversee the design, implementation and administration (with the assistance of third party plan administrators) of any executive or employee incentive compensation or benefits programs; and

    - recommend for approval by the KPGP Board all forms of compensation for the CEO and other senior executives taking reasonable measures to ensure that an appropriate portion of such compensation is tied to both the short and longer-term performance of KPGP.

Compensation of Named Executive Officers

Summary Compensation Table

The following table presents information regarding compensation earned in Fiscal 2015 as well as Fiscal 2014 and Fiscal 2013 for the Chief Executive Officer of KPLP, the Chief Financial Officer of KPLP and the other three most highly compensated executive officers of KPLP as of December 31st, 2015 (the Named Executive Officers or "NEOs").

YEAR	Salary ($)	Unit-based Award(5) ($)	Option-based Award ($)	Non-equity Incentive Plan Compensation ($) STCIP(1)	LTCIP(2)	Pension Value ($)	All Other(3) Compensation ($)	Total Compensation ($)
Mario Gosselin								
Chief Executive Officer of KPLP								
2015	529,790	297,494		603,750	0	72,800		1,503,834
2014	431,104			425,000	78,338	44,000		978,442
2013	442,405			475,000	58,956	44,000		1,020,361
Mark Holbrook								
Chief Financial Officer of KPLP								
2015	315,456	132,580		123,147	0	34,600		605,783
2014	318,663			98,505	44,648	35,100		496,916
2013	287,161			135,000	44,793	34,000		500,954
Michel Manseau								
Corporate Vice President, Consumer Sales Canada of KPLP								
2015	322,721	128,510		129,319	0	55,800		636,350
2014	325,873			101,437	43,279	48,000		518,589
2013	301,938			150,000	47,038	43,500		542,476
Nancy Marcus								
Corporate Vice President, Marketing of KPLP								
2015	339,117	135,708		136,559	0	37,700		649,084
2014	345,821			104,876	45,702	35,200		531,599
2013	318,840			150,000	49,672	34,600		553,112
Gordon Goss (4)								
Corporate Vice President, Consumer Business USA/Mexico								
2015	366,678	145,711		154,077	0	31,200		697,666
2014	305,238			110,400	42,454	35,700		493,792
2013	275,834			133,900	43,049	29,100		481,883

(1) Represents amounts earned under KPLP's STCIP. See "Compensation Components – Annual Bonus", above.
(2) Represents amounts awarded under KPLP's long-term cash incentive plan in Fiscal 2013 and Fiscal 2014. The long-term cash incentive plan was replaced by the LTIP in 2015 and awards under the LTIP in Fiscal 2015 are reflected under "Unit-Based Awards".
(3) None of the NEOs are entitled to perquisites or other personal benefits which, in the aggregate, are worth over $50,000 or over 10% of their base salary.
(4) All amounts were paid in USD and translated to CAD at the average exchange rate for the year: 1.276 for 2015, 1.104 for 2014, and 1.030 for 2013.
(5) Amounts represent the fair value of the PSUs at the time of grant in May 2015. Vesting of the PSUs is subject to meeting certain performance criteria and there may be no payout if the relevant thresholds are not met. See "Compensation Components – Long-Term Incentive Plan", above.

Equity Based Incentive Plan Awards

The following table sets forth details of PSUs granted to each Named Executive Officer and which are outstanding as at December 31, 2015.

	Share-based awards		
Name	Number of units that have not vested	Market or Payout value of the PSU based awards that have not vested (1) ($)	Market or Payout value of vested PSU based awards not paid out or distributed ($)
Mario Gosselin ……….	18,640	0	n/a
Mark Holbrook ……….	8,307	0	n/a
Michel Manseau ……...	8,052	0	n/a
Nancy Marcus ………..	8,503	0	n/a
Gordon Goss ………….	7,155	0	n/a

(1) The vesting of the PSUs is subject to certain performance criteria being met. Management believes that the criteria represent stretch objectives and that payout is unlikely in light of KPLP's performance against such objectives since the date of grant.

Incentive Plan Awards – Value Vested or Earned during the Year

The following table summarizes, for each of the Named Executive Officers, the value of options and PSUs vested during Fiscal 2015 and the value of executive performance bonus earned during Fiscal 2015.

Name	Option-based awards – value vested during the year ($)	Share-based awards – value vested during the year ($)	Non-equity incentive plan compensation – value earned during the year ($)(2)
Mario Gosselin	n/a	n/a	603,750
Mark Holbrook......................	n/a	n/a	123,147
Michel Manseau....................	n/a	n/a	129,319
Nancy Marcus	n/a	n/a	136,559
Gordon Goss…………………..	n/a	n/a	154,077

(2) All amounts earned pursuant to KPLP's STCIP. See "Compensation Components – Annual Bonus", above.

Pension Benefits

Defined Benefit Pension Plan

The following table presents a summary of the eligible years of service and estimated annual retirement benefits payable at age 65, accrued as of December 31st, 2015, under the defined benefit ("DB") registered pension plans in which the NEOs participate combined, when applicable, with supplementary retirement arrangements. The table also sets forth the changes in the accrued pension obligation (for accounting purposes) from December 31st, 2014 to December 31st, 2015, including the annual cost attributable to compensatory items for the financial year 2015. The method of evaluation and assumptions used to determine the accrued pension obligation at year end are the same as the ones presented in KPLP's financial statements for the financial year ended December 31st, 2015.

		ANNUAL BENEFITS PAYABLE					
NAME	NUMBER OF YEARS CREDITED SERVICE	AT DECEMBER 31, 2015	AT AGE 65	ACCRUED OBLIGATION AT START OF YEAR	COMPENSATORY CHANGE	NON-COMPENSATORY CHANGE	ACCRUED OBLIGATION AT YEAR END
	#	$	$	$	$	$	$
Mario Gosselin (1)	37.67	68,200	175,000	1,668,200	72,800	255,500	1,996,500
Mark Holbrook	17.00	47,900	84,600	748,100	34,600	58,500	841,200
Michel Manseau	27.17	76,600	175,000	1,400,100	55,800	97,500	1,553,400
Nancy Marcus	15.00	42,300	77,600	641,000	37,700	51,000	729,700
Gordon William Goss	24.17	68,100	188,900	1,071,600	31,200	86,100	1,188,900

(1) Service with Kruger is recognized within the pension arrangements.

Mario Gosselin participates in a DB registered pension plan and in a supplementary retirement arrangement. The combined pension payable at age 65 from both sources is equal to 1.75% of final average earnings times credited service. "Final average earnings" correspond to the 5 year average base salary plus STCIP award. The combined pension payable cannot exceed the lesser of 50% of the final average earnings and $175,000.

Mark Holbrook and Nancy Marcus participate in a non-contributory DB registered pension plan but do not participate in a supplementary retirement arrangement. Gordon Goss participates in the same non-contributory DB registered pension plan and a separate arrangement was made to recognize his service while outside Canada. Pension accruals are based on final average earnings. Michel Manseau participates in a DB registered pension plan and in a supplementary retirement arrangement and is eligible to receive, at the age of 60, a total pension of $175,000. This amount is inclusive of the amount payable to him under the DB registered pension plan.

Director Compensation of the Corporation

Each independent director of the Corporation receives from KPLP, on behalf of the Corporation, an annual retainer fee of $20,000. The independent directors of the Corporation also serve and are further compensated as independent directors of KPGP. See "Director Compensation of KPGP" below.

Director Compensation of KPGP

The independent directors of KPGP each receive an annual cash retainer of $25,000 and an additional fee of $2,000 per KPGP Board meeting attended. In addition, the chair of the KPGP Audit Committee receives an additional annual cash retainer fee of $10,000. The members of the KPGP Audit Committee also receive a fee of $1,500 per committee meeting attended and the members of the KPGP Compensation Committee and KPGP Governance Committee receive a fee of $1,000 per committee meeting attended. All directors are entitled to be reimbursed for out-of-pocket expenses incurred by them in their capacity as directors. No compensation is paid to the KPGP directors that are nominated by Kruger other than those out-of-pocket expenses.

The following table sets out information concerning the Fiscal 2015 cash compensation earned by each of the directors listed below (including those acting in their capacity as directors of the Corporation)**:**

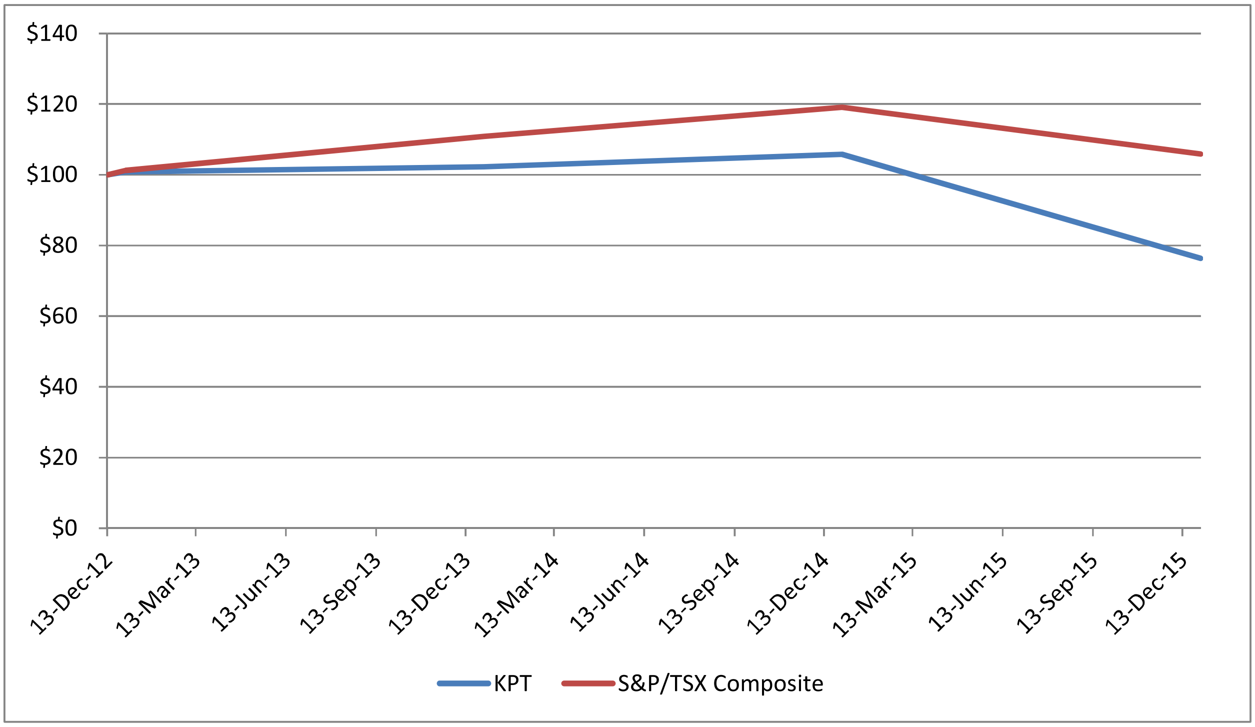
Name	**Fees Earned**[1]	**Share-Based Awards**	**Option-Based Awards**	**Non-Equity Incentive Plan Compensation**	**Pension Value**	**All Other Compensation**	**Total**
James Hardy	$69,000	---	---	---	---	---	$69,000
Michel Letellier	$61,000	---	---	---	---	---	$61,000
Susan McArthur	$59,000	---	---	---	---	---	$59,000
David Spraley	---	---	---	---	---	---	N/A
Joseph Kruger II	---	---	---	---	---	---	N/A
Donald J. Cayouette	---	---	---	---	---	---	N/A
David Angel	---	---	---	---	---	---	N/A
Alexandre Patte	---	---	---	---	---	---	N/A
Mario Gosselin	---	---	---	---	---	---	N/A

[1] Represents the director's retainer, any chairman and committee membership fees and meeting attendance fees.

Performance Graph

The common shares of KPT began trading on the Toronto Stock Exchange on December 13, 2012. The following graph shows, as at December 31, 2015, the cumulative total shareholder return on a $100 investment as at

December 13, 2012 (assuming reinvestment of dividends at a price determined in accordance with KPT's dividend reinvestment plan) compared with the cumulative total return of the S&P/TSX Composite Index for such period.



The compensation of executive officers is determined in accordance with the principles and components set forth above. The short-term and long-term compensation incentives of the executive officers are principally based on financial measures and are only partially tied to the performance of the KPT common shares on the TSX. For this reason, there is no direct relation between the evolution of the total compensation of the executive officers and the evolution of the price of the common shares of KPT. Therefore, while total shareholder return since December 2012 has been negative, total compensation of the executive officers has increased over the same period.

Employment Agreements, Termination Benefits and Change of Control Benefits

KPLP has entered into an employment agreement with Mr. Mario Gosselin with respect to his employment as CEO. Mr. Gosselin's employment agreement provides that, in the event that KPLP terminates his employment without cause, as defined in the agreement, he will be entitled to the following termination package: (i) to be paid in equal installments over a period of 24 months in accordance with KPLP's normal payroll schedule: (A) the base salary that would have been payable to him had his employment with KPLP continued after the date of termination (which would represent an aggregate amount of $1,050,000 over 24 months, given his current base salary); (B) a pro rata portion of the STCIP incentive payment that would have been payable to him, calculated on the basis of a Target Bonus of 100% of his base salary (which would represent an aggregate amount of $1,050,000 over 24 months, given his current base salary); and (C) a long-term cash incentive plan payment as per the applicable provisions of the long-term cash incentive plan or, if no such provision is made, a pro rata portion of the long-term cash incentive plan payment that would have been payable to him, calculated on the basis of an average of the long-term cash incentive plan payments actually paid to him in the three complete years preceding the date of termination (which would represent an amount of $86,769 given the long-term cash incentive plan amounts paid to Mr. Gosselin over the last three years); (ii) continued participation in benefit plans made generally available to KPLP's similarly-situated employees from time to time; and (iii) continued participation in the applicable supplementary retirement arrangement with entitlements payable at the end of 24 months as if he had reached the age of 65, provided he is not employed at the time or, if he is employed when he ceases to be employed. The estimated incremental payment to Mr. Gosselin in the case of a termination without cause is $2,186,769.

Other than as described above, KPLP has not entered into employment agreements with its Named Executive Officers. KPLP has not put in place any agreement, plan or mechanism for payments in favour of the executive officers in the event of termination of duties, whether voluntary or not, or of constructive dismissal, resignation, retirement, change in responsibilities or change of control of KPLP. However, under the LTIP, upon retirement, all previously allocated amounts under the plan vest immediately.

Indemnification and Insurance

The Corporation and KPGP have jointly subscribed for a directors' and officers' insurance policy. In addition, the Corporation and KPLP have entered into indemnification agreements with each of the Corporation's directors and officers and KPLP has entered into indemnification agreements with KPGP's directors and KPLP's officers. The indemnification agreements generally require that the Corporation and/or KPLP, as applicable, indemnify and hold the indemnitees harmless to the greatest extent permitted by law for liabilities arising out of the indemnitees' service to the Corporation, KPLP or KPGP as directors and officers, provided that the indemnitees acted honestly and in good faith and in a manner the indemnitees reasonably believed to be in or not opposed to the relevant entity's best interests and, with respect to criminal and administrative actions or proceedings that are enforced by monetary penalty, the indemnitees had no reasonable grounds to believe that his or her conduct was unlawful. The indemnification agreements also provide for the advancement of defence expenses to the indemnitees by the Corporation or KPLP, as applicable, to the extent permitted by applicable law.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the Corporation's directors or officers is indebted to the Corporation (other than "routine indebtedness" under Canadian securities laws.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No director or executive officer of the Corporation or KPLP or any proposed director of the Corporation has or has had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has been materially affected or would materially affect the Corporation or KPLP or any of its subsidiaries.

CORPORATE GOVERNANCE OF THE CORPORATION

Size of the Corporation Board

The Corporation Board is comprised of four directors, being a size which allows for the seating of three independent directors for nomination to the KPGP Board and a board member nominated by Kruger pursuant to the Limited Partnership Agreement. Since the Corporation's business is limited to its investment in KPLP and related activities, the Corporation Board does not currently believe that a Corporation board size greater than four directors would be necessary or appropriate. KPGP, the general partner of KPLP, the operating entity in which the Corporation holds an interest, has a more typical board size of nine members. See "Corporate Governance of KPLP".

Independence of the Corporation Board

In the view of the Corporation Board, three of the Corporation Board members, namely James Hardy, Michel Letellier and Susan McArthur, are considered "independent" as defined in National Instrument 52-110 — *Audit Committees*, as amended from time to time ("NI 52-110"). Under NI 52-110, an "independent" director is one who is free from any direct or indirect relationship which could, in the view of the Corporation Board, be reasonably expected to interfere with a director's independent judgment. David Spraley is deemed not to be independent because he is Executive Vice President and Chief Operating Officer of Kruger and was nominated for election to the

Corporation Board by Kruger. The independent directors will hold in camera sessions without management present at meetings of the Corporation Board, if considered necessary.

Certain members of the Corporation Board are also members of the board of other public companies. See “Nominees for Election to the Board of Directors - Biographies”, above.

Mandate of the Corporation Board of Directors

The Corporation Board is responsible for managing the Corporation, including overseeing the performance of the services provided under the Administration Agreement. Each director has a duty to act with a view to the best interests of the Corporation. It is expected that the Corporation Board will meet four times annually.

The Corporation Board fulfills its duties by acting honestly and in good faith with a view to the best interests of the Corporation and by making decisions that set the tone, character and strategic direction for the Corporation. It also ensures that KPLP carries out its responsibilities under the Administration Agreement.

Despite the role played by KPLP as administrator under the Administration Agreement, the directors of the Corporation Board retain the performance of certain responsibilities, subject to any approval or other rights set out in the Limited Partnership Agreement. The mandate of the Corporation Board is attached hereto as Appendix “B”.

In light of the Corporation’s structure, the role and functions of KPLP as administrator and the fact that the Corporation does not remunerate any senior executives or officers and does not have any employees, the Corporation does not currently have nor does it intend to establish a governance or compensation committee. There is, however, a governance committee and a compensation committee at the level of the KPGP Board. See “Corporate Governance of KPLP — Compensation Committee” and “Corporate Governance of KPLP — Corporate Governance Committee”, below.

Given the limited nature and scope of the Corporation’s operations, individual directors are not regularly assessed with respect to their effectiveness and contribution. The Corporation relies on the individual experience, competence and expertise, and informal assessments in gauging a director’s effectiveness and contribution in light of the needs of the Corporation Board and the Corporation.

Position Descriptions

The Chair of the Corporation Board

The Chair of the Corporation Board is Susan McArthur, who is an independent director. The Chair of the Board assumes principal responsibility for the operation and functioning of the Board. The Corporation Board has adopted a written position description for the Chair of the Board which sets out the Chair’s key responsibilities, including consulting with the Board to set board agendas; chairing Board meetings; ensuring compliance with the governance policies of the Board regarding conduct of Board meetings; facilitating and encouraging open and effective communication and relationships between (i) the management of the Corporation and the Board, and (ii) the Corporation and shareholders, stakeholders and the general public; and reviewing and evaluating the performance of the Board as a whole at least annually.

The CEO

The vast majority of tasks and responsibilities ordinarily carried out by a chief executive officer are in fact carried out for the Corporation by KPLP, as the administrator under the Administration Agreement. Mario Gosselin is the CEO of the Corporation and KPLP.

Orientation and Continuing Education

The Corporation Board ensures that prospective candidates for Corporation Board membership understand the roles of the Corporation Board and Corporation Board committees and the contribution that individual directors are expected to make.

The directors receive a comprehensive package of documentation several days in advance in preparation for Corporation Board and Corporation Board committees' meetings, regular updates between Corporation Board meetings on matters that affect its business and reports from the Corporation Audit Committee on their work at their previous committee meeting.

Code of Ethics

The Corporation Board has adopted a Code of Business Conduct and Ethics, applicable to all directors, officers and employees of the Corporation.

Diversity

The Corporation recognizes the importance of having a diversity of skills and experience at the level of the Board. The nominating committee will generally consider gender diversity on the board as one factor amongst many in identifying nominees. The Board has not adopted a board diversity policy or adopted a target for the representation of women on the Board because it believes that appointments to the board should be made, and be perceived as being made, on the basis of the merits of the individual and the skills and experience he or she will bring to the Board. With Susan McArthur taking on a leadership role as Chairperson of the Board, the Corporation believes that it has demonstrated a commitment to gender diversity, even without having adopted specific policies or quotas. 25% (one out of four) of the director nominees are women.

Term Limits

The Corporation does not set specific term limits or a mandatory retirement age for its Board members. The Corporation believes that the Board does not lack fresh perspectives, as its members have served on the Board for an average of approximately three years. The current composition of the Board provides a depth of institutional experience which could be undermined if a mandatory retirement was imposed. The Corporation will monitor the need for adopting such policies going forward, but does not believe that imposing term limits or a mandatory retirement age on its members is currently necessary or appropriate.

Diversity at the Level of Executive Officers

As the Corporation does not employ any remunerated officers and does not have any employees, it does not believe that it is relevant for it to consider the level of representation of women in executive officer positions when making executive officer appointments and has not adopted a target regarding women in executive officer positions. None of the individuals appointed as executive officers of the Corporation (as a result of their corresponding positions as executive officers of KPLP) are women.

Board and Attendance

The Board met four times in Fiscal 2015 and each director was in attendance at each meeting.

Audit Committee

NI 52-110 sets out requirements concerning the composition and responsibilities of an issuer's audit committee, and concerning an issuer's reporting obligations with respect to audit related matters. The Corporation's audit committee (the "Corporation Audit Committee") is composed of James Hardy (as Chairman), Michel Letellier and Susan McArthur, each of whom is also a member of the KPGP Audit Committee. See "Corporate Governance of KPLP — Audit Committee." Each of Michel Letellier, Susan McArthur and James Hardy is financially literate and independent within the meaning of NI 51-102. See “Nominees for Election to the Board of Directors — Biographies” for a brief summary of the education and experience of each Corporation Audit Committee member and proposed Corporation Audit Committee member that is relevant to his performance as a member of the Corporation Audit Committee.

The Corporation Board has adopted a written charter for the Corporation Audit Committee (the “Charter of the Corporation Audit Committee”) which sets out the Corporation Audit Committee’s responsibility in reviewing the financial statements of the Corporation and public disclosure documents containing financial information and reporting on such review to the Corporation Board, ensuring that adequate procedures are in place for the review of Corporation’s public disclosure documents that contain financial information, overseeing the work and review the independence of the external auditors and reviewing, evaluating and approving the Corporation’s internal control procedures. The Charter of the Audit Committee can be viewed in the Corporation’s Annual Information Form, available on the SEDAR website at www.sedar.com.

Auditors’ Fees

Details with respect to external auditor fees for past services can be found in the section “Audit Committee Information Regarding the Corporation” of the Annual Information Form, which can be viewed on the SEDAR website at www.sedar.com.

Nominating Committee

The Corporation Board has a nominating committee (the “Nominating Committee”) composed of Michel Letellier, James Hardy and Susan McArthur. The Chairman of the Nominating Committee is Michel Letellier. Each of Michel Letellier, Susan McArthur and James Hardy is independent within the meaning of NI 51-102. The principal role of the Nominating Committee is to identify individuals qualified to become members of the Corporation Board and Corporation Board committees and recommend that the Corporation Board select such persons as nominees for election or appointment to the Corporation Board. In fulfilling its responsibilities to identify individuals qualified to become members of the Corporation Board, the committee considers: (i) the independence of each nominee; (ii) the experience and background of each nominee; (iii) the skill set of each nominee relative to the balance of skills required by the Corporation Board and its committees to meet their respective mandates; (iv) the past performance of directors being considered for re-election; (v) applicable regulatory requirements; and (vi) such other criteria as may be established by the Corporation Board or the Nominating Committee from time to time.

CORPORATE GOVERNANCE OF KPLP

The Corporation’s business is limited to its investment in KPLP and related activities. Kruger, as holder of 83.78% of the outstanding units of KPLP, controls KPLP. As a minority unit holder, the Corporation’s rights in respect of KPLP are limited and are derived entirely from the Limited Partnership Agreement. The Limited Partnership Agreement establishes the authority of KPGP to manage the ordinary course business of KPLP. Decisions regarding its business outside of the ordinary course, including related party transactions that would reasonably be expected to transfer value to Kruger or its affiliates, are subject to the approval of the Corporation. These veto and other rights of the Corporation under the Limited Partnership Agreement are exercised by the Corporation Board, which is composed of a majority of independent directors.

The Corporation’s rights in respect of KPLP were negotiated between the Corporation and Kruger in the context of the IPO, were disclosed in the Prospectus, and are described in the summary of the Limited Partnership Agreement under the section “Material Contracts — Material Contracts of the Corporation — Limited Partnership Agreement” of the Annual Information Form, which section is incorporated by reference herein (and available on the SEDAR website at www.sedar.com).

Independence of KPGP Board

The KPGP Board is comprised of nine directors. In the KPGP Board's view, the following three directors, namely Michel Letellier, Susan McArthur and James Hardy, who are also directors of the Corporation, are independent directors within the meaning of NI 52-110. The remaining directors of KPGP, namely Joseph Kruger II, Donald Cayouette, David Angel, David Spraley, Alexandre Patte and Mario Gosselin, are not independent within the meaning of NI 52-110 and National Instrument 58-101 — *Disclosure of Corporate Governance Practices* because each of them is or has been an employee of Kruger (or, in the case of Mario Gosselin, an employee of KPLP) (collectively, the "Non-Independent Directors").

Where conflicts of interest may arise as a result of the association of the Non-Independent Directors (other than Mario Gosselin) with Kruger (i.e. where KPLP is considering entering into a related-party transaction (within the meaning of *Regulation 61-101 Respecting the Protection of Minority Security Holders in Special Transactions*) that would reasonably be expected to transfer value to Kruger or its affiliates), the Limited Partnership Agreement requires that the Corporation's approval of the entering into of such transaction be obtained.

Pursuant to the Limited Partnership Agreement, Kruger undertook to exercise the votes attached to all shares of KPGP held by it from time to time in favour of the election as directors of KPGP such individuals as the Corporation is entitled to designate ("Corporation Nominees"). The number of Corporation Nominees on the KPGP Board is currently three (consisting of Michel Letellier, Susan McArthur and James Hardy) but will vary depending on the Corporation's proportionate share in KPLP at the time of designation. Pursuant to the Limited Partnership Agreement, the Corporation will only designate individuals who are independent within the meaning of applicable securities law and stock exchange rules and who are directors of the Corporation (unless all directors of the Corporation have already been nominated, in which case other individuals may be nominated).

It is contemplated that the independent directors will hold in camera sessions without management present at meetings of the KPGP Board, if considered necessary. Furthermore, pursuant to the Limited Partnership Agreement, certain decisions in respect of KPLP require the approval of the Corporation. Such approval would require a decision of the Corporation Board, on which the independent directors form a majority. At the KPGP committee level, three independent directors serve as members of the KPGP Audit Committee, one independent director serves as a member of the KPGP Compensation Committee and two independent directors serve as members of the KPGP Governance Committee.

Certain members of the KPGP Board are also members of the board of other public companies. For the biographies of each of the directors of KPGP, including a list of each directors reporting issuer board memberships, if applicable, reference is made to the section "Directors and Executive Officers of KPLP" in the Annual Information Form, which section is incorporated by reference herein (and available on the SEDAR website at www.sedar.com).

Mandate of KPGP Board

The KPGP Board is responsible for managing KPGP, which itself is responsible for managing the business of KPLP. The KPGP Board is expected to meet no less than four times annually.

The KPGP Board's mandate includes specific duties and key responsibilities such as:

- adopting a strategic planning process and periodically approve a strategic plan;
- formulating the KPGP Board's expectations of KPLP management;
- identifying and monitoring the main risks faced by KPLP and ensuring appropriate measures and systems are implemented for managing such risks;
- defining the responsibilities of the senior executives and their authority to bind KPGP in its capacity as general partner of KPLP;

- ensuring the integrity of KPLP's internal control and management information systems;
- developing KPGP's approach to corporate governance, including the preparation of a specific set of principles and guidelines;
- considering recommendations of the KPGP Governance Committee regarding, and if appropriate adopt, any revisions corporate policy it considers appropriate and ensuring it is followed;
- identifying decisions that require the pre-approval of the KPGP Board and establishing approval and authorization policies for decisions and contracts binding KPLP;
- preparing and adopting a Code of Business Conduct and Ethics for the directors and officers of KPGP and employees of KPLP, ensuring it is updated regularly and followed, including monitoring and approval of all exemptions, where applicable;
- preparing and approving position descriptions for the Chairman of the KPGP Board and the Chair of each Committee;
- on the recommendation of the KPGP Compensation Committee, establishing and approving a position description for the Chief Executive Officer;
- creating committees of the KPGP Board, establishing their mandate and appointing their members;
- appointing the Chairman of the KPGP Board and the Chairs of each committee of the KPGP Board;
- on a recommendation of the KPGP Compensation Committee, establishing and approving the compensation policies and programs for management, evaluating the performance of the CEO based on the objectives set, and establishing his/her compensation;
- with the assistance of the KPGP Audit Committee, ensuring compliance with accounting standards, as well as the integrity and adequacy of financial reporting;
- on a recommendation of the KPGP Audit Committee, approving the financial results of KPLP;
- determining the appropriateness of declaring, and declare, where applicable, the payment of distributions to the unit holders;
- approving the charters and by-laws as well as any amendments to these documents;
- approving operating and capital budgets of KPLP;
- approving the acquisition or sale of major assets and any other important transaction involving KPLP, its property and its rights or its obligations;
- approving any major reorganization or downsizing of KPLP;
- approving the purchase, redemption or any other form of acquisition of the securities of KPLP and approving the related reporting process; and
- approving the form and content of the certificates evidencing the securities of KPGP.

Position Descriptions

The Chair of the Board of Directors

The Chairman of the KPGP Board is Joseph Kruger II, who is not an independent director within the meaning of NI 52-110. The Chairman of the Board assumes principal responsibility for the operation and functioning of the Board. The KPGP Board has adopted a written position description for the Chairman of the Board which sets out the Chair's key responsibilities, including consulting with the KPGP Board to set board agendas; chairing KPGP Board meetings; ensuring compliance with the governance policies of the KPGP Board regarding conduct of KPGP Board meetings; facilitating and encouraging open and effective communication and relationships between (i) the management of KPGP and the KPGP Board, and (ii) KPGP and shareholders, stakeholders and the general public; and reviewing and evaluating the performance of the KPGP Board as a whole at least annually.

The CEO

Mario Gosselin is KPLP's CEO. The primary functions of the chief executive officer are to lead the management of KPLP's business and affairs and to lead the implementation of the resolutions and the policies of the KPGP Board. The KPGP Board has developed a written position description for the CEO which sets out the CEO's key responsibilities, including duties relating to leadership, community, sustainable business practices; social responsibility; ethics and integrity; health, safety and environment; governance; disclosure; strategic planning; business management; risk management; organizational effectiveness/succession; and CEO performance. The CEO mandate will be considered by the KPGP Board annually.

Orientation and Continuing Education

The KPGP Board ensures that prospective candidates for KPGP Board membership understand the roles of the KPGP Board and KPGP Board committees and the contribution that individual directors are expected to make.

Nomination of Directors of KPGP

As the Corporation nominates the independent directors of the KPGP Board pursuant to the Limited Partnership Agreement, KPGP does not have a nominating committee. There is, however, a nominating committee at the Corporation level. See "Corporate Governance of the Corporation — Nominating Committee".

Diversity

KPGP recognizes the importance of having a diversity of skills and experience at the level of the KPGP Board. KPGP will generally consider gender diversity on the board as one factor amongst many in identifying appropriate nominees. The KPGP Board has not adopted a board diversity policy or adopted a target for the representation of women on the KPGP Board because it believes that appointments to the board should be made, and be perceived as being made, on the basis of the merits of the individual and the skills and experience he or she will bring to the Board. 11.1% (one out of nine) of the directors on the KPGP Board are women. Susan McArthur serves on the KPGP Audit Committee and the KPGP Governance Committee.

Term Limits

KPGP does not set specific term limits or a mandatory retirement age for KPGP Board members. The current composition of the board balances a depth of institutional experience and fresh perspectives. KPGP believes that the ability to find this appropriate balance could be undermined if a mandatory retirement age was imposed. The Corporation will monitor the need for adopting such policies going forward, but does not believe that imposing term limits or a mandatory retirement age on its members is currently necessary or appropriate.

Diversity at the Level of Executive Officers

KPLP recognizes the importance of having a diversity of skills and experience amongst executive officers. KPLP will generally consider gender diversity at the executive officer level as one factor amongst many in identifying appropriate candidates. KPLP has not adopted specific targets regarding women in executive officer positions because it believes that appointments should be made, and be perceived as being made, on the basis of the merits of the individual and the skills and experience he or she will bring to KPLP. 10% (one out of ten) of KPLP's executive officers are women.

Audit Committee

The KPGP audit committee (the "KPGP Audit Committee") is comprised of James Hardy (Chairman), Michel Letellier and Susan McArthur. Each of Michel Letellier, Susan McArthur and James Hardy is financially literate and independent within the meaning of NI 51-102. See "Nominees for Election to the Board of Directors — Biographies" for a brief summary of the education and experience of KPGP Audit Committee member that is relevant to his performance as a member of the KPGP Audit Committee.

The KPGP Board has adopted a written charter for the KPGP Audit Committee (the "Charter of the KPGP Audit Committee") which sets out the KPGP Audit Committee's responsibility in reviewing the financial statements of KPLP and reporting on such review to the KPGP Board, overseeing the work and review the independence of the external auditors and reviewing, evaluating and approving the Corporation's internal control procedures. The Charter of the KPGP Audit Committee is substantially the same as the Charter of the Corporation Audit Committee, which can be viewed in the Corporation's Annual Information Form, available on the SEDAR website at www.sedar.com. The KPGP Audit Committee meets at least four times annually to fulfill its mandate.

Auditors' Fees

Details with respect to external auditor fees for past services can be found in the section "Audit Committee Information Regarding KPLP" of the Annual Information Form, which can be viewed on the SEDAR website at www.sedar.com.

Compensation Committee

Information relating to the KPGP Compensation Committee can be found in the Section above entitled "Executive Compensation Discussion and Analysis — Compensation Committee".

Corporate Governance Committee

The corporate governance committee of KPGP (the "KPGP Governance Committee") is composed of Donald Cayouette (Chairman), Susan McArthur and James Hardy. Each of Susan McArthur and James Hardy is an independent director. The Limited Partnership Agreement provides that the KPGP Governance Committee shall be a three member committee composed of at least two independent directors including at least one Corporation Nominee.

The KPGP Governance Committee ensures that KPLP develops and implements an effective and efficient approach to corporate governance that enables the business and affairs of KPLP to be carried out, directed and managed with the objective of enhancing unit holder value. Its mandate includes the development of the KPGP Code of Conduct and monitoring compliance with the KPGP Code of Conduct. The KPGP Governance Committee has adopted a written charter describing the mandate of such committee.

Board Attendance

The KPGP Board met four times in Fiscal 2015 and each director was in attendance at each meeting.

OTHER BUSINESS

Management is not aware of any matter intended to come before the Meeting other than those items of business set forth in the attached Notice of Meeting. If any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy to vote in respect of those matters in accordance with their judgment.

SHAREHOLDER PROPOSALS

The final date by which the Corporation must receive a proposal for any matter that a Shareholder proposes to raise at the annual meeting of shareholders of the Corporation to be held in 2017 is February 8, 2017.

ADDITIONAL INFORMATION

If you have any questions that are not answered by this Circular, or would like additional information, you should contact your professional advisors. You can also contact TMX Equity Transfer Services, the Corporation's transfer agent, at 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1 or by e-mail at investor@equityfinancialtrust.com should you have any questions regarding voting of your Shares.

The Corporation Financial Statements, the audited consolidated financial statements of KPLP, together with the auditors' report thereon, as well as any interim financial statements of the Corporation and KPLP for periods subsequent to the end of Fiscal 2015, the Annual Information Form, the MD&A and this Circular are available free of charge on the SEDAR website at www.sedar.com and may also be obtained upon request made to the Corporate Secretary of the Corporation, Francois Paroyan, at the Corporation's head office: 1900 Minnesota Court, Suite 200, Mississauga, Ontario L5N 5R5.

APPROVAL BY DIRECTORS

The content and the sending to the Shareholders of this Circular have been approved by the Board of Directors.

Dated at Mississauga, this 9th day of May, 2016.

(Signed) Francois Paroyan
General Counsel and Corporate Secretary

APPENDIX A

GLOSSARY OF TERMS

“**Act**” means the *Canada Business Corporations Act*.

“**ADJUSTED EBITDA**” means net income (loss) before (i) interest expense, (ii) income taxes, (iii) depreciation, and (iv) amortization, (v) impairment (recovery) of non-financial assets, (vi) loss (gain) on disposal of property, plant and equipment, (vii) unrealized foreign exchange loss (gain), (viii) one-time costs related to restructuring activities, (ix) changes in the amortized cost of the Partnership units liability, and (x) one-time costs due to pension revaluations related to past service.

“**Administration Agreement**” has the meaning set out under “Executive Compensation Discussion and Analysis - Introduction”.

“**Annual Information Form**” means the annual information form of the Corporation dated March 10, 2016.

“**Articles**” means the articles of incorporation of the Corporation, including any amendment thereof.

“**Board**”, “**Board of Directors**” or “**Corporation Board**” means the board of directors of the Corporation.

“**Broadridge**” means Broadridge Communications Corporation.

“**CDS**” means CDS Clearing and Depository Services Inc.

“**CEO**” means Chief Executive Officer.

“**CFO**” means Chief Financial Officer.

“**Charter of the Corporation Audit Committee**” has the meaning set out under the heading “Corporate Governance of the Corporation — Audit Committee”.

“**Charter of the KPGP Audit Committee**” has the meaning set out under the heading “Corporate Governance of KPLP — Audit Committee”.

“**Circular**” means this management information circular.

“**Common Shares**” means the common shares of the Corporation.

“**Corporation**” means KP Tissue Inc.

“**Corporation Audit Committee**” means the audit committee of the Corporation.

“**Corporation Financial Statements**” has the meaning set out under “Business of the Meeting — Financial Statements”.

“**Corporation Nominee**” has the meaning set out under the heading “Corporate Governance of KPLP — Independence of KPGP Board”.

“**CRA**” means Canada Revenue Agency.

“**Fiscal 2015**” means the fiscal year ended December 31, 2015.

“**Intermediary**” has the meaning set out under “General Proxy Matters — Non-Registered Shareholders”.

“**IPO**” means the Corporation’s initial public offering of Common Shares completed on December 13, 2012.

“**KPGP**” means Kruger Products G.P.

“**KPGP Audit Committee**” means the audit committee of KPGP.

“**KPGP Board**” means the board of directors of KPGP.

“**KPGP Compensation Committee**” means the human resources and compensation committee of KPGP.

“**KPGP Governance Committee**” has the meaning set out under the heading “Corporate Governance of KPLP — Corporate Governance Committee”.

“**KPLP**” means Kruger Products L.P.

“**KPT**” means KP Tissue Inc.

“**Kruger**” means Kruger Inc.

“**Limited Partnership Agreement**” has the meaning set out under the heading “Nominees for Election to the Board of Directors — Nomination Right Under Limited Partnership Agreement”.

“**LTIP**” means KPLP’s long-term incentive plan.

“**MD&A**” means the Management’s Discussion and Analysis for the Corporation and KPLP for Fiscal 2015.

“**Meeting**” means the annual meeting of Shareholders to be held on June 14, 2016 and any postponement or adjournment thereof.

“**Named Executive Officers**” or “**NEOs**” has the meaning set out under the heading “Executive Compensation Discussion and Analysis - Introduction”.

“**NI 52-110**” means National Instrument 52-110 — *Audit Committees*.

“**NI 54-101**” means National Instrument 54-101 — *Communications with Beneficial Owners of Securities of a Reporting Issuer*.

“**Nominating Committee**” has the meaning set out under the heading “Corporate Governance of the Corporation — Nominating Committee”.

“**Non-Registered Shareholder**” has the meaning set out under “General Proxy Matters — Non-Registered Shareholders”.

“**Notice Package**” has the meaning set out under the heading “General Proxy Matters — Notice-and-Access”.

“**Prospectus**” means the prospectus filed on SEDAR in connection with the IPO.

“**PSUs**” means Performance Share Units under the LTIP.

“**PwC**” means PricewaterhouseCoopers LLP.

“**Record Date**” means April 25, 2016.

“**Registered Shareholder**” means a person registered as a Shareholder in the records of the Corporation immediately prior to the Record Date.

“**ROCE**” means KPLP’s Adjusted EBITDA Return On Capital Employed.

“**SEDAR**” means System for Electronic Document Analysis and Retrieval.

“**Shareholders**” means the holders of the Common Shares.

“**STCIP**” means KPLP’s short-term cash incentive plan.

“**Target Bonus**” has the meaning set out under the heading “Executive Compensation Discussion and Analysis — Compensation Components”.

“**TSR**” means Total Shareholder Return as set out under the heading “Executive Compensation Discussion and Analysis – Compensation Components - Long Term Incentive Plan.

APPENDIX B
MANDATE OF THE BOARD

1. DEFINITIONS

1.1 In this mandate:

"**Administration Agreement**" means the administration agreement between KPLP and the Corporation setting out the services to be provided by KPLP to support the business of the Corporation in relation to its investment in KPLP and its operation as a public company;

"**Board**" means the board of directors of the Corporation;

"**Corporation**" means KP Tissue Inc.; and

"**KPLP**" means Kruger Products L.P.

2. PURPOSE

The members of the Board have a duty to supervise the management and affairs of the Corporation, including overseeing the performance of the services provided under the Administration Agreement. The Board, directly and through its committees, and through its oversight of the performance of the Administration Agreement, shall pursue the best interests of the Corporation.

3. DUTIES AND RESPONSIBILITIES

3.1 The Board fulfills its duties by acting honestly and in good faith with a view to the best interests of the Corporation and by making decisions that set the tone, character and strategic direction for the Corporation. It also ensures that KPLP carries out its responsibilities under the Administration Agreement.

3.2 Despite the role played by KPLP as administrator of the Corporation under the Administration Agreement, the members of the Board will retain performance of certain responsibilities. More specifically, the Board shall, among other things, directly or through its committees:

(a) adopt a strategic planning process and periodically approve a strategic plan;

(b) identify and monitor the main risks faced by the Corporation and ensure appropriate measures and systems are implemented for managing such risks;

(c) ensure the integrity of the Corporation's internal control and management information systems;

(d) establish measures for receiving reactions and comments from the shareholders of the Corporation;

(e) submit to the shareholders a question or matter requiring the approval of shareholders;

(f) on the recommendation of the Nominating Committee, fill any vacancy in a Board directorship until the next annual meeting of the shareholder;

(g) prepare and adopt a Code of Business Conduct and Ethics for the directors of the Corporation, ensure it is updated regularly and followed, including monitoring and approval of all exemptions, where applicable;

(h) create committees of the Board, establish their mandate and appoint their members;

(i) prepare and approve position descriptions for the Chairman of the Board and the Chair of each Committee;

(j) prepare and approve a position description for the Chief Executive Officer;

(k) appoint the Chairman of the Board and the Chairs of each committee of the Board;

(l) with the assistance of the Audit Committee, ensure compliance with accounting standards, as well as the integrity and adequacy of financial reporting;

(m) on a recommendation of the Audit Committee, approve the financial results of the Corporation;

(n) determine the appropriateness of declaring, and declare, where applicable, the payment of dividends to the shareholders of the Corporation;

(o) on a recommendation from the Audit Committee, recommend the choice of the external auditors to the shareholders of the Corporation;

(p) approve the interim and annual reports (Report to Shareholder and Management's Discussion and Analysis) and the Annual Information Forms;

(q) approve the management proxy circular and any take-over bid circular or director's circular of the Corporation;

(r) approve the charters and by-laws as well as any amendments to these documents;

(s) approve important regulatory matters;

(t) approve the purchase, redemption or any other form of acquisition of the securities of the Corporation and approve the related reporting process; and

(u) approve the form and content of the certificates evidencing the securities of the Corporation.

4. FUNCTIONING

4.1 To effectively discharge its responsibilities, the Board shall meet four times annually. To assist it in discharging its responsibilities, the Board has formed the following standing committees – Audit Committee and Nominating Committee. In addition, the Board has appointed a Chief Executive Officer. However, the vast majority of tasks and responsibilities ordinarily carried out by a chief executive officer will in fact be carried out by KPLP as the administrator under the Administration Agreement.

4.2 Furthermore, in the performance of its mandate, the Board can retain the services of external advisors.

4.3 The Chairman of the Board shall be responsible in particular for managing the affairs of the Board and monitoring its effectiveness, setting the agenda for Board meetings and relations with the Corporate Secretary with respect to the affairs of the Board and its Committees. He/she shall also ensure that any important strategic matters or issues are communicated to the Board for approval and that the Board receives the information, reports, documents and opinions required so that the members of the Board can fulfil their role. He/she shall ensure the decisions made by the Board are implemented. The Chairman of the Board shall ensure all interested parties are informed about the Board's policies with respect to compliance with the by-laws and the Code of Business Conduct and Ethics of the Corporation.

4.4 Specific responsibilities of the Chairman of the Board shall be:

(a) to ensure harmonious relations between the shareholders, the Board and management;

(b) to inform the shareholders of the recommendations for new directors based on the report of the Nominating Committee;

(c) at his/her discretion, to sit on other Board committees; and

(d) to inform management about his/her evaluation of the information provided to the Board.

5. CORPORATE SECRETARY

5.1 The Board and the President and Chief Executive Officer have given the Corporate Secretary the responsibility for organizing all meetings of the Board and its committees. He/she shall also:

(a) prepare information provided by management and distribute it to the Board in a form that will facilitate an understanding thereof and decision-making;

(b) ensure a follow-up of Board and committee decisions;

(c) ensure a corporate file is maintained;

(d) advise the Board as to procedures and liability, in particular with respect to corporate governance;

(e) keep corporate by-laws, policies and procedures of the Corporation up-to-date; and

(f) provide the Board with the necessary information about the Corporation so it can discharge its responsibilities with prudence and diligence.

6. GENERAL LEGAL OBLIGATIONS OF THE BOARD OF DIRECTORS

6.1 The Board is responsible for directing management to ensure that legal requirements have been met, and that documents and records have been properly prepared, approved and maintained.

6.2 Directors are under a fiduciary duty to the Corporation to carry out the duties of their office:

(a) honestly and in good faith;

(b) with a view to the best interests of the Corporation; and

(c) with the care, diligence and skill of a reasonably prudent person.