



KP TISSUE INC.

**NOTICE OF
ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON JUNE 11, 2024
AND
MANAGEMENT INFORMATION CIRCULAR**

April 29, 2024

Questions or requests for voting assistance may also be directed to KP Tissue's proxy solicitation agent:

Laurel Hill Advisory Group

North America Toll Free:

1-877-452-7184

Collect Calls Outside North America:

1-416-304-0211

Email:

assistance@laurelhill.com



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 Time) on June 11, 2024 in a virtual-only format via live webcast online at <https://virtual-meetings.tsxtrust.com/en/1657> for the following purposes:

- (1) to receive the audited financial statements of the Corporation for the fiscal year ended December 31, 2023, 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;
- (4) to consider and, if deemed appropriate, pass a resolution approving an amendment to the Corporation’s By-Law No. 3 to reduce the quorum requirement for meetings of Shareholders; and
- (5) 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 26, 2024 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, TSX Trust Company, by mail at 100 Adelaide West, Suite 301, Toronto, Ontario M5H 4H1, by facsimile at 1-416-595-9593 or electronically at www.voteproxyonline.com not later than 2:00 p.m. (Eastern Time) on June 7, 2024, or if the Meeting is adjourned or postponed, no later than 48 hours prior to the adjourned or postponed 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 virtual 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, TSX Trust Company, at <https://docs.tsxtrust.com/2012>. They are also available on SEDAR+ at

www.sedarplus.ca 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 TSX Trust Company by calling toll-free at 1-866-600-5869. 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. To ensure you will receive paper copies in advance of the deadline to submit your vote, we estimate that your request must be received by 5:00 p.m. (Eastern Time) on May 27, 2024. 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.

If you have further questions or require assistance to vote your shares, contact: Laurel Hill Advisory Group North America (Toll Free): 1-877-452-7184 (Outside North America: 1-416-304-0211) or Email: assistance@laurelhill.com.

Dated at Mississauga, this 29th day of April, 2024.

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 11, 2024 at 2:00 p.m. (Eastern Time) as a virtual-only meeting, 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 April 29, 2024 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.

ABOUT THE CORPORATION AND KRUGER PRODUCTS INC.

The Corporation’s business is limited to holding an equity interest in Kruger Products Inc. (“Kruger Products” or “KPI”). The Corporation currently holds a 12.78% interest in Kruger Products. Kruger Products is Canada’s leading manufacturer of quality tissue products for household, industrial and commercial use. Kruger Products serves the Canadian consumer market with such well-known brands as Cashmere®, Purex®, SpongeTowels®, Scotties®, and Bonterra™. In the U.S., Kruger Products manufactures the White Cloud® brand, as well as many private label products. The Away-From-Home division manufactures and distributes high-quality, cost-effective product solutions to a wide range of commercial and public entities. Away-From-Home brands include Esteem®, White Swan®, Embassy®, and Chalet®.

Unless otherwise indicated or the context otherwise requires, “Kruger Products” or “KPI” refers to Kruger Products Inc. and its subsidiaries and their respective predecessors, including KPLP, the Québec limited partnership which sold and assigned all of its properties, operations, assets and liabilities to Kruger Products on January 1, 2023 pursuant to a reorganization.

Kruger Products has approximately 2,800 employees and operates nine FSC® COC-certified (FSC® C-104904) production facilities in North America.

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 virtual Meeting.

Date, Time and Place of Meeting

The Meeting is scheduled to be held on June 11, 2024 at 2:00 p.m. (Eastern Time) as a virtual-only meeting for the purposes set forth in the Notice of Meeting. The Corporation reserves the right to 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 April 26, 2024 (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 at the virtual Meeting or represented by proxy, and at least two persons entitled to vote at the Meeting are actually present at the virtual 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. The Corporation will use the “notice and access” delivery model (“Notice and Access”) to conduct the solicitation of proxies in connection with this Meeting. Proxies may also be solicited personally, by telephone or other electronic means by management of the Corporation, including its directors and officers and by representatives of Laurel Hill Advisory Group (“Laurel Hill”), which is acting as the Corporation’s proxy solicitation agent for the Meeting. KPI, 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, including a fee of \$30,000 to Laurel Hill and its reasonable out-of-pocket expenses.

“If you have any questions or need assistance with the completion and delivery of your proxy or voting instruction form please contact the Corporation’s proxy solicitation agent, Laurel Hill, by telephone at [1-877-452-7184] (toll-free in North America) or [1-416-304-0211] (collect call outside North America) or by email at [assistance@laurelhill.com].

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, TSX Trust Company, at <https://docs.tsxtrust.com/2012> and on the Corporation’s website at <http://www.KPTissueinc.com>. The Circular will also be available on SEDAR+ at www.sedarplus.ca. 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.

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. You can vote your proxy by (i) on the Internet, (ii) by facsimile, (iii) by mail or (iv) by courier as follows:

On the Internet

You can vote on the Internet (www.voteproxyonline.com) by following the instructions on the screen. You will need your 12-digit control number which is noted on your form of proxy.

By Facsimile

You can complete, sign and date your form of proxy and return it by facsimile to TSX Trust Company at: (416) 595-9593.

By Mail and Courier Delivery

You can complete, sign and date your form of proxy and return it in the envelope provided to the offices of TSX Trust Company at:

TSX Trust Company
100 Adelaide Street West, Suite 301
Toronto, Ontario M5H 4H1
Canada
Attention: Proxy Department

If you are a Registered Shareholder, you can vote online at the virtual 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 online at the virtual 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 depository (such as CDS), refer to “Non-Registered Shareholders” below.

How to Attend and Vote at the Virtual Meeting

The Corporation has decided to hold the Meeting in a virtual-only format which will be conducted via live audio webcast. Shareholders will not be able to attend the Meeting in person. Attending the Meeting online enables registered shareholders and duly appointed proxyholders to participate at the Meeting and ask questions, all in real time. Registered shareholders and duly appointed proxyholders can vote at the appropriate times during the Meeting.

Registered Shareholders entitled to vote at the Meeting may attend and vote at the Meeting virtually by following the steps listed below:

1. Type in <https://virtual-meetings.tsxtrust.com/en/1657> on your browser at least 15 minutes before the Meeting starts.
2. Click on “I have a control number/ meeting access number”.
3. Enter your 12 digit control number (on your proxy form) as your Username.
4. Enter the password: **kptissue2024** (case sensitive).
5. When the polls are opened, click on the “Voting” icon. To vote, simply select your voting direction from the options shown on screen and click **Submit**. A confirmation message will appear to show your vote has been received.

Beneficial Shareholders entitled to vote at the Meeting may vote at the Meeting virtually by following the steps listed below:

1. Appoint yourself as proxyholder by writing your name in the space provided on the form of proxy or VIF.
2. Sign and send it to your intermediary, following the voting deadline and submission instructions on the VIF.
3. Obtain a control number from TSX Trust Company by completing the electronic form available at <https://www.tsxtrust.com/resource/en/75>.
4. Type in <https://virtual-meetings.tsxtrust.com/en/1657> on your browser at least 15 minutes before the Meeting starts.
5. Click on “I have a control number/Meeting access number”.
6. Enter your 12 digit control number received from TSX Trust Company.

7. Enter the password: **kptissue2024** (case sensitive).
8. When the polls are opened, click on the “Voting” icon. To vote, simply select your voting direction from the options shown on screen and click **Submit**. A confirmation message will appear to show your vote has been received.

If you are a registered shareholder and you want to appoint someone else (other than the Management nominee) to vote online at the Meeting, you must first submit your proxy indicating who you are appointing. **You or your appointee must then register with TSX Trust Company by completing the electronic form available at <https://www.tsxtrust.com/resource/en/75> by 10:00 a.m. (Eastern Standard Time) on June 7, 2024 so that TSX Trust Company may provide such proxyholder with a proxyholder control number via email.**

If you are a non-registered shareholder and want to vote online at the Meeting, you must first appoint yourself as proxyholder and then register with TSX Trust Company **by completing the electronic form available at <https://www.tsxtrust.com/resource/en/75> by 10:00 a.m. (Eastern Standard Time) on June 7, 2024 so that TSX Trust Company may provide you with a proxyholder control number via email.**

Guests can also listen to the Meeting by following the steps below:

1. Type in <https://virtual-meetings.tsxtrust.com/en/1657> on your browser at least 15 minutes before the Meeting starts.
2. Click on “**I am a Guest**”.

If you have any questions or require further information with regard to voting your Shares, please contact:

Laurel Hill by calling toll-free 1- (877) 452-7184 if you are in North America, or 1-(416) 304-0211 if you are outside North America, or by emailing at assistance@laurelhill.com

If you attend the Meeting online and have logged in with a control number, it is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting. You should allow ample time to check into the Meeting online and complete the related procedure. We encourage you to log-in to the Meeting at least 15 minutes before the start of the Meeting to check your connectivity and audio settings. You will need the latest version of Chrome, Safari, Edge or Firefox. If you encounter any difficulties accessing the virtual Meeting during the check-in or Meeting time, please consult the TSX Trust virtual meeting guide (“Meeting Guide”).

If you intend to be present and vote online at the virtual Meeting, you do not need to complete or return your proxy form.

How to Vote by Proxy

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

Your proxyholder is the person you appoint to cast your votes at the Meeting on your behalf. You may choose Dino Bianco or Michael Keays 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 Dino Bianco or Michael Keays as your proxyholder, please leave the line near the top of the form of proxy blank as Dino Bianco and Michael Keays’ names are already pre-printed 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. If you appoint a proxyholder to attend and act on your behalf at the Meeting other than Dino Bianco or Michael Keays, you will need to contact TSX Trust Company, no later than June 7, 2024 at 10:00 a.m. (Eastern Time), to obtain a control number which will permit your proxyholder to vote at the virtual Meeting.

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 Dino Bianco or Michael Keays will automatically become your proxyholder.**

To be valid, the form of proxy must be filled out, signed and returned to TSX Trust Company by mail at 100 Adelaide West, Suite 301, Toronto, Ontario M5H 4H1, or by facsimile at 1-416-595-9593, or electronically at www.voteproxyonline.com not later than 2:00 p.m. (Eastern Time) on June 7, 2024, or, if the Meeting is adjourned or postponed, prior to 2:00 p.m. (Eastern 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 Dino Bianco or Michael Keays 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;
- FOR the appointment of PricewaterhouseCoopers LLP as auditor and the authorization of the Board of Directors to fix their remuneration; and
- FOR the amendment to the Corporation’s By-Law No. 3 to reduce the quorum requirement for meetings of Shareholders.

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 TSX Trust Company so that it is received before 2:00 p.m. (Eastern Time) on June 7, 2024; or
- 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.

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 online at the virtual 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 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 (an “Intermediary”), 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.

The Company does intend to pay for intermediaries to forward to Non-Registered Shareholders who do object to their name being made known to the Company under National Instrument 54-101 – Communications with Beneficial Owners of Securities of a Reporting Issuer the proxy-related materials and Form 54-101F7 – Request for Voting Instructions Made by Intermediary.

If you are not sure whether you are a Registered Shareholder or a Non-Registered Shareholder, please contact the Corporation’s transfer agent, TSX Trust Company at 100 Adelaide West, Suite 301, Toronto, Ontario M5H 4H1 or by e-mail at tsxtis@tmx.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. For your Common Shares to be voted, you must follow the instructions on the VIF that is provided to you. You can complete the VIF by: (i) calling the phone number listed thereon; (ii) mailing the completed VIF in the envelope provided; or (iii) using the internet at www.proxyvote.com. Additionally, the Corporation, through Laurel Hill may utilize Broadridge’s QuickVote™ service to assist eligible Non-Registered Shareholders with voting their shares directly over the phone. 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 online at the virtual 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.

Brokers and intermediaries typically establish internal deadlines to vote ahead of the Meeting voting deadline. Non-Registered Shareholders are therefore urged to vote well in advance of the Meeting voting deadline at 2:00 p.m. (Eastern Time) on June 7, 2024.

How to Vote at the Virtual Meeting

If Non-Registered Shareholders wish to vote online at the Meeting, they are required to (i) 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, and (ii) register themselves as a proxyholder, by contacting TSX Trust Company, no later than June 7, 2024 at 10:00 a.m. (Eastern Time), to obtain a control number which will permit the Non-Registered Shareholder to vote as a proxyholder online at the Meeting. Instructions on how to log-in and vote at the online Meeting are set out above under Registered Shareholders – How to Attend and Vote at the Virtual 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.

Submitting Questions at the Virtual Meeting

It is recommended to shareholders and proxyholders to submit their questions as soon as possible during the Meeting so they can be addressed at the right time. The chairman and other members of management present at the Meeting will answer questions relating to matters to be voted on before a vote is held on each matter, if applicable. General questions will be addressed by them at the end of the Meeting during the question period. Only Registered Shareholders and duly appointed proxyholders may submit questions during the Meeting. To ask a question during the Meeting, please click on the “Ask A Question” button at the top left side of the screen, type in the question and then submit. Guests will not be able to submit questions during the Meeting.

All shareholder and proxyholder questions are welcome. However, the Corporation does not intend to address questions that:

- are irrelevant to the Corporation’s operations or to the business of the Meeting;
- are related to non-public information about the Corporation;
- are related to personal grievances; or
- are out of order or not otherwise appropriate as determined by the chairman of the Meeting in his reasonable judgement.

So that as many questions as possible are answered, shareholders and proxyholders are asked to be brief and concise. Questions from multiple shareholders or proxyholders on the same topic or that are otherwise related will be grouped, summarized and answered together.

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 9,974,216 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 held as of the Record Date.

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 in the Corporation’s authorized capital 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 of the issued and outstanding Common Shares, other than Kruger Inc. which, if it were to exchange the common shares of KPI that it holds for Common Shares pursuant to the exchange agreement among Kruger, the Corporation and KPI, would hold approximately 87.21% of the issued and outstanding Common Shares following such conversion.

BUSINESS OF THE MEETING

Financial Statements

The audited financial statements of the Corporation for the financial year ended December 31, 2023, 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.sedarplus.ca.

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 accommodates three independent directors, including the non-executive Chair, on the board of directors of KPI (the "KPI Board") and a board member nominated by Kruger pursuant to the Shareholders' Agreement (as defined below). Since the Corporation's business is limited to its investment in KPI and related activities, the Corporation Board does not currently believe that a Corporation board of a size greater than four directors is necessary or appropriate. KPI, 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 KPI".

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

The Act requires that, for elections at which there is only one candidate nominated for each position available on the Board, shareholders vote "for" or "against" individual directors (rather than "for" or "withhold") and each candidate is elected only if they receive a majority of votes cast in their favour. The Act provides that if an incumbent director is not elected in those circumstances, the director may continue in office until the earlier of (i) the 90th day after the day of the election, and (ii) the day on which their successor is appointed or elected.

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 KPI 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 KPI for past services can be found in the section “Audit Committee Information regarding the Corporation” and “Audit Committee Information regarding Kruger Products” of the Annual Information Form, which can be viewed on the SEDAR+ website at www.sedarplus.ca.

Amendments to By-Law No. 3 of the Corporation

On April 25, 2024, the Board approved an amendment to By-Law No. 3 of the Corporation (the “By-Law”) to reduce the quorum requirement for meetings of Shareholders to the presence in person or representation by proxy of holders of not less than 10% (reduced from 25%) of the Common Shares entitled to vote at the meeting, and the actual presence of at least two persons entitled to vote at the meeting (the “By-Law Amendment”). At the Meeting, Shareholders will be asked to confirm the By-Law Amendment. Pursuant to the Board resolution approving the By-Law Amendment, the By-Law Amendment will come into effect upon its confirmation by Shareholders at the Meeting.

At recent Shareholder meetings, the Corporation has been close to not achieving the 25% quorum requirement under the By-Law. At each of the 2022 and 2023 Shareholder meetings, holders of approximately 29% of the Common Shares entitled to vote at the meetings were present in person or represented by proxy at the meetings. The Board believes that the By-Law Amendment is in the best interests of the Corporation because: (i) it will reduce the risk of having to adjourn any Shareholder meeting due to quorum not being present, and thereby reduce the resulting costs the Corporation may incur in connection with adjourning and reconvening a meeting of the Shareholders, in addition to undertaking further efforts to achieve quorum, and (ii) given the current makeup of its shareholder base, the Corporation believes that a 10% quorum requirement will continue to encourage wide-ranging participation from all Shareholders.

At the Meeting, Shareholders will be asked to consider, and, if deemed appropriate, pass the following resolution confirming the By-Law Amendment, subject to such amendments, variations or additions as may be approved at the meeting (the “By-Law Amendment Resolution”):

“BE IT RESOLVED, AS AN ORDINARY RESOLUTION OF THE SHAREHOLDERS OF KP TISSUE INC. (THE “CORPORATION”), THAT:

1. The amendments to By-Law No. 3 – A by-law relating generally to the transaction of the business and affairs of KP Tissue Inc., in the form adopted by the Board of Directors of the Corporation on April 25, 2024, and reflected in the Amended and Restated By-Law No. 3 – A by-law relating generally to the transaction of the business and affairs of KP Tissue Inc. attached as Appendix “B” to the management information circular of the Corporation dated April 29, 2024, be and are hereby confirmed.
2. Any director or officer of the Corporation be, and each of them is hereby authorized and directed, for and on behalf of the Corporation, to execute and deliver or cause to be executed and delivered all documents, and to take any action which, in such director’s or officer’s own discretion, is necessary or desirable to give effect to this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents and instruments and the taking of any such actions.”

For the reasons set out above, the Board recommends that Shareholders vote FOR the By-Law Amendment Resolution at the Meeting. In order to be confirmed, the By-Law Amendment Resolution requires the affirmative vote of a simple majority of the votes cast, in person or by proxy, at the Meeting. Unless a proxy specifies that the Common Shares it represents should be voted against the adoption of the By-Law Amendment Resolution, it is the intention of the proxyholders designated by the management of the Corporation in the form of proxy for the Meeting to vote FOR the adoption of the By-Law Amendment Resolution.

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.

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	Deferred share units owned by Director	Principal Occupation for Past Five Years
François Vimard ⁽¹⁾⁽³⁾⁽⁴⁾ Ontario, Canada	Independent Director (Chair)	October 2020	0	17,629	Independent Corporate Director, Interim President and CEO of Empire Company Limited & Sobeys Inc. (July 2016 to December 2016); Chief Financial Officer at Empire Company Limited & Sobeys Inc. (June 2007 to June 2016)
James Hardy ⁽¹⁾⁽³⁾⁽⁴⁾ Ontario, Canada	Independent Director	June 2014	400	15,882	Corporate Director (December 2021 – present); Chief Corporate Development Officer and CFO, Revera Inc. (July 2020 – December 2021); Chief Investment Officer and CFO, Revera Inc. (April 2015 – June 2020)
Sarah Kruger Québec, Canada	Director	March 2024	0	N/A	Vice President of Kruger Inc. (February 2023 – present); Board Member of Kruger (2008-present)
John ('Jay') Wright ⁽¹⁾⁽²⁾⁽³⁾ Ontario, Canada	Independent Director	March 2023	0	4,415	Independent Corporate Director, President & CEO at Arterra Wines Canada (December 2016 -March 2022)

- (1) Member of the Corporation Audit Committee and the KPI Audit Committee.
(2) Member of the KPI Human Resources and Compensation Committee.
(3) Member of the Corporation Nominating and Governance Committee.
(4) Member of the KPI Governance Committee.

Biographies

François Vimard (Independent Director)

François Vimard is currently a member of the Board of Directors and a member of the Audit Committee of Jamieson Wellness Inc. Mr. Vimard previously served on the board for GS1 Canada, a not -for-profit company that manages global barcode standards, and Andrew Peller Ltd., a Canadian based winery company. He previously served on the board for Market GoodFood and was also a trustee of Crombie REIT from 2014 to 2017.

Mr. Vimard has more than 30 years of experience in food retailing. He spent more than 22 years at Empire Company Limited/Sobeys Inc. which is the second largest food retailer in Canada. Mr. Vimard was Interim President

and CEO at Empire and Sobeys from July 2016 to December 2016 and was previously the Chief Financial Officer from June 2007 to June 2016.

Mr. Vimard has a deep understanding of the retail business, having been responsible for the technology and supply chain departments during his tenure at Sobeys. He was also responsible for the National ERP implementation and overall business process optimization as well as the implementation of a state-of-the-art automated warehousing technology.

Mr. Vimard is a Chartered Professional Accountant. He earned his Bachelor of Business Administration degree and License in Accounting Sciences from the University of Laval. He also earned a certificate at the executive program in Strategic Retail Management at Babson College in Boston, Massachusetts. Mr. Vimard is also a member and graduate of the Institute of Corporate Directors.

Mr. Vimard is the Chairman of the Corporation's Board and sits on the Corporation's Audit Committee, and the Corporation's Nominating and Governance Committee, the KPI Audit Committee and the KPI Governance Committee.

James Hardy (Independent Director)

James Hardy is a retired executive from Revera Inc, a leading owner, manager and developer of seniors residences in Canada, the United States and the U.K., where from 2013 to 2021 he held the positions of Chief Investment Officer, Chief Corporate Development Officer and Chief Financial Officer. During his time with Revera, Mr. Hardy oversaw the expansion of Revera into the US and U.K. via the acquisitions of Sunrise Senior Living and Signature Senior Lifestyles as well as numerous developments of new properties under leading senior living brands. From 2014 to 2021 Mr. Hardy was a Board Member and Audit Committee Chair for Sunrise Senior Living. Prior to joining Revera, Mr. Hardy was Chief Financial Officer of Public Mobile Inc from 2009 to 2012 and from 2001 to 2008, Mr. Hardy was Managing Director of Telecom, Media and Technology Investment Banking at National Bank Financial. Mr. Hardy has more than 35 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 (with distinction) from the Ivey School of Business at Western University (1988) and holds a Bachelor of Applied Science in Electrical Engineering from the University of British Columbia (1982).

Mr. Hardy is the Chair of the Corporation's Audit Committee, a member of the Corporation's Nominating and Governance Committee, the Chair of the KPI Audit Committee and a member of the KPI Governance Committee.

Sarah Kruger (Director)

Sarah Kruger has been a member of the Board of Directors for Kruger since 2008, currently a Vice President and co-chairs the Human Resources committee for Kruger. Sarah also sits on Kruger Leadership committees across all of the organizations' business segments.

Prior to joining Kruger, Sarah worked and then consulted for BMO Harris Private Banking. In this capacity, Sarah worked with the succession planning team on knowledge-building and other resources for business owners. Notably, Sarah co-authored a number of books on succession planning for family business owners. Sarah's ongoing interest in succession planning led to her co-authoring "The 50 Biggest Estate Planning Mistakes and How to Avoid Them" for Wiley publishing in 2011.

Sarah obtained her Bachelors of Arts in Psychology from Newbury College and a Masters of Arts in Teaching from Regis College.

John ('Jay') Wright (Independent Director)

Jay Wright is a retired leader of global Fortune 500 consumer goods companies in Canada & the U.S. He brings broad C-level experience and expertise to purposeful and exciting business missions. Mr. Wright leads strategic evolution of long-term value creation for customer centric companies seeking outstanding and sustained growth and

performance. He is also recognized for his ability to build powerful brands to drive top-quartile results and engagement and create highly optimized cost structures. Mr. Wright is also adept in overseeing digital innovation.

He is currently a member of the Board of Directors and Executive Committee of Upper Canada Forest Products, Advisor Board Chair of the Smith School of Business at Queen's University and a member of the Board of Directors of the TD Toronto Jazz Festival. Mr. Wright obtained a Bachelor of Commerce (Honours) from Queen's University.

Mr. Wright is a member of the Corporation's Audit Committee, Chair of the Corporation's Nominating and Governance Committee, a member of the KPI Audit Committee as well as the KPI Human Resources and Compensation Committee.

Cease Trade Orders or Bankruptcies

To the knowledge of the Corporation and based on the information provided by the proposed directors, 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 The Corporation) 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 the Corporation) 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 proposed director.

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.

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 Shareholders' Agreement

Pursuant to a unanimous shareholders' agreement dated January 1, 2023 between KPI, KPGP Inc., Kruger Inc., 13582141 Canada Inc. and the Corporation (the Shareholders' Agreement), for so long as the Kruger Aggregate Ownership Interest (as such term is defined in the Shareholder Agreement) is equal to or greater than 20%, Kruger Inc. 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 Inc. 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 Inc. 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. Sarah Kruger is the nominee director proposed by Kruger Inc. 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. Dino Bianco, Chief Executive Officer of KPI, Mr. Michael Keays, Chief Financial Officer of KPI and Mr. François Paroyan, Senior Vice President General Counsel and Corporate Affairs and Corporate Secretary of KPI, 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.

An amended and restated administration agreement dated January 1, 2023 between KPI, as administrator, and the Corporation (the "Administration Agreement") governs the administration of the ongoing operations and affairs of the Corporation. Under the Administration Agreement, KPI, as administrator, agreed to provide management services to the Corporation to support its operation as a public company. The responsibilities of KPI, as administrator, are such that the Corporation does not require its own management or hire any employees. Pursuant to the Administration Agreement, KPI, as administrator, directly bears and pays for all 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 KPI or any officer or director of KPI 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 KPI as a subsidiary. On this basis, certain officers of KPI 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 Kruger Products' 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:

- Dino Bianco, CEO;
- Mark Holbrook, CFO¹;
- Michel Manseau, Senior Vice President and General Manager, Consumer Business Canada;
- Gordon Goss, Senior Vice President and General Manager, Consumer Business USA and Mexico; and
- John O'Hara, Senior Vice President and General Manager AFH Business.

¹ As announced on December 14, 2023, Mr. Holbrook retired from his position of CFO effective March 11, 2024 and was succeeded by Michael Keays.

Overview

The compensation of the executive officers of KPI is paid by KPI and, as described below, is determined on the basis of KPI's financial performance and in accordance with the objectives and performance indicators set by KPI and approved by the KPI Board after consultation with the KPI Compensation Committee. See "Compensation Committee", below. Mr. Wright, an independent director of the Corporation, serves as a member of the KPI Compensation Committee.

The KPI 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 KPI based on recommendations made by the KPI Compensation Committee. The compensation of KPI executive officers (other than the CEO) is determined by the CEO of KPI based upon the guidelines established by the KPI Board.

Compensation Components

KPI'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 KPI'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 KPI'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, KPI 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

KPI has a short-term cash incentive plan (the "STCIP"), the purpose of which is to provide eligible employees (including the NEOs) a bonus payment tied to corporate and individual performance. For executive management the STCIP is weighted as follows: (a) 30% based on corporate financial performance measured by KPI's Adjusted EBITDA less interest paid (b) 35% based on team objectives which may include strategic initiatives, health and safety, and revenue, measured against annual targets, and (c) 35% based on individual objectives. 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 Dino Bianco and 40% to 45% for the other NEOs) (the "Target Bonus"). For each component of the STCIP, upon the achievement by KPI of the assigned target in respect of that component 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 KPI'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 150% of the bonus for that component. Aggregate annual bonus payouts are capped at a certain percentage of the Corporation's Adjusted EBITDA for the relevant year (the "Bonus Cap"), with a proportionate reduction applied if the Bonus Cap would otherwise be exceeded by application of the performance criteria. In Fiscal 2023, the percentage used for the corporate financial performance component of the STCIP for KPI's NEOs was 150% and the percentage used for the team objectives for KPI's NEOs was 123%. The total amount awarded to each NEO under the STCIP is reflected in the Summary Compensation Table below.

Long-Term Incentive Plan

KPI has adopted a long-term incentive plan (the "LTIP") for the CEO, CFO, Senior Vice Presidents and Corporate Vice-Presidents and other designated senior executives. 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 KPI
- provide the executives with an incentive to create economic value for the shareholders of KPI and the Corporation
- align the interests of senior management with those of the shareholders

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

For LTIP awards made during the Corporation's financial year ended December 31, 2021, the plan was based on the equal-weighted issuance of Performance Share Units (PSUs) and Restricted Share Units (RSUs). The PSUs represent notional or phantom shares, and the value of the PSUs track the Corporation's stock price over a three-year period. The PSUs are subject to the following performance measures: 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%. The RSUs represent notional or phantom shares, and the value of the RSUs is linked to the Corporation's stock price at time of payment.

Payouts under the LTIP for ROCE PSUs are subject to KPI meeting an established ROCE target based on a three-year rolling average and are also impacted by the Corporation's stock price change. 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.

The PSUs vest to the Participant on the third anniversary of the award in May, subject to meeting certain objectives. Each performance component of the LTIP vests according to the degree of attainment of the objectives on the results date (being the date at which the last financial results of KPI that will serve to establish the degree of attainment of the objectives are approved by the KPI 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 time of vesting of the relevant PSUs based on dividends declared on Common Shares and the number of PSUs determined to have been vested. 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 PSUs 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 2021 will be in May 2024, provided the participant is still in the employ of KPI 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 or in the case of retirement, all previously allocated amounts continue to vest and become payable in their normal course. Upon the death of a participant, all previously allocated amounts vest immediately, and are paid at target.

The RSUs vest partially in May of each year over a 3-year period (one third of RSUs granted vests each year). Payout of the partially vested RSUs is made at time of vesting. Payout of RSUs includes a proportionate vesting of dividend equivalent units based on dividends declared on Common Shares and the number of RSUs determined to have been vested.

Revisions to LTIP

In Fiscal 2022, the KPI Compensation Committee requested that the design of the LTIP be revised based on the following principles:

- greater emphasis on shareholders' interest

- equitable and fair treatment of employees
- reinforce key behaviors including a long-term view
- whenever possible reward employees on performance factors within their control

The LTIP revision was completed and approved by the Board on November 7, 2023. Under the revised LTIP plan, there is a single performance target, namely “LTIP Cashflow”, which is calculated as the three year average of EBITDA for a given performance period, less cash interest paid, lease payments and excess pension payments. The target value of LTIP awards is based on the participant’s LTIP target percentage of base salary, which is set using the approved and/or estimated budget for each year. The annual budgets are averaged over 3 years to determine the LTIP Cashflow target for the applicable performance period. For 2022 and 2023, approved budgets were used while 2024 and 2025 were estimated budgets.

Each annual award is subject to a three-year performance period ending at the end of the second fiscal year following the first year in which the award is granted. The payment scale can range from 50-150% depending upon performance against the target. A minimum guaranteed threshold payment will be paid to participants in 25% installments in or about May of each of the two fiscal years following the fiscal year in which the award is granted. At the end of the three year performance period, the Corporation’s average LTIP Cashflow performance is measured against the performance target to determine whether any additional amount is payable pursuant to the performance scale.

Kruger Products does not publicly disclose the specific LTIP Cashflow, Adjusted EBITDA or team targets set under the STCIP or the ROCE or TSR targets for the LTIP, because disclosure of such information could result in competitive harm. Kruger Products’ 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 be made at less than 100% of the Target Bonus and that LTIP PSUs granted will not vest and there will be no payment in respect thereof.

Compensation Risk

The current structure of KPI’s executive compensation arrangements are inherently designed not to encourage executive officers to expose KPI to inappropriate or excessive risks. The following elements of KPI’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, ROCE and LTIP Cashflow, that are aligned with KPI’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 KPI prohibits insiders (which include, among others, the Corporation’s directors and KPI’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 KPI Board has a human resources and compensation committee (the “KPI Compensation Committee”) which is composed of three directors, namely Joseph Kruger II (Chair), David Angel and Jay Wright. Jay Wright is

an independent director and a member of the Corporation Board. The Shareholders' Agreement provides that the KPI Compensation Committee shall be a three-member committee composed of at least one Corporation Nominee who is independent of KPI.

The biography of Jay Wright is set out above under "Nominees for Election to the Board of Directors — Biographies" and the biography of each Joseph Kruger II and David Angel is set out in the section "Directors and Executive Officers of KPI" in the Annual Information Form, which section is incorporated by reference herein (and available on the SEDAR+ website at www.sedarplus.ca).

The KPI Compensation Committee undertakes 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 KPI 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;
- review with the CEO the annual performance assessment of all other senior executives and to report annually to the KPI Board on all of the foregoing;
- review and make recommendations regarding KPI's overall compensation philosophy and strategy to ensure that compensation policies and/or practices followed by KPI 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 KPI Board incentives are aligned with shareholders' interests);
- identify, assess and mitigate applicable risks associated with KPI's compensation policies and practices; and
- design, establish and oversee KPI'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 KPI;
 - 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 KPI 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 KPI.

Compensation of Named Executive Officers

Summary Compensation Table

The following table presents information regarding compensation earned in Fiscal 2023 as well as Fiscal 2022 and Fiscal 2021 for the Chief Executive Officer of KPI, the Chief Financial Officer of KPI and the other three most highly compensated executive officers of KPI as of December 31, 2023 (the "Named Executive Officers" or "NEOs").

YEAR	Salary (\$)	Unit- based Award ⁽¹⁾ (\$)	Non-equity Incentive Plan Compensation		Pension Value (\$)	All Other ⁽⁵⁾⁽⁶⁾⁽⁷⁾ Compensation (\$)	Total Compensation (\$)
			(\$)	(\$)			
			STCIP ⁽²⁾	LTIP ⁽³⁾⁽⁴⁾			
Dino Bianco							
Chief Executive Officer							
2023	600,785		799,098	144,072	134,885	189,535	1,868,375
2022	579,730		157,946	277,061	130,310		1,145,047
2021	565,590	540,607	357,530		126,749		1,590,476
Mark Holbrook							
Chief Financial Officer							
2023	374,100		199,266	56,726	61,169	52,667	743,928
2022	359,038		43,889	108,566	105,155		616,648
2021	348,150	210,297	94,953		124,416		777,816
Michel Manseau							
Senior Vice President and General Manager, Consumer Business Canada							
2023	442,344		264,606	78,116	57,900	62,912	905,878
2022	426,857		52,427	150,585	72,400		702,269
2021	413,666	291,690	127,000		74,100		906,456
Gord Goss⁽⁸⁾							
Senior Vice President and General Manager, Consumer Business USA							
2023	546,962		289,974	82,548	41,100	74,161	1,034,745
2022	515,104		47,680	155,292	113,100		831,176
2021	485,290	293,310	109,166		125,500		1,013,266
John O'Hara							
Senior Vice President and General Manager, Away From Home Business							
2023	375,601		200,525	57,084	68,090	56,706	758,006
2022	358,308		47,255	108,216	72,671		586,450
2021	348,718	210,640	88,228		72,379	90,000	809,965

- (1) Amounts represent the fair value of PSUs and RSUs (as applicable) at the time of grant in May 2021. 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.
- (2) Represents amounts earned under the short term cash incentive plan (STCIP). See "Compensation Components - Annual Bonus.
- (3) Represents amounts earned under the cash-based LTIP plan adopted in 2023, including retroactive amounts earned related to the 2022 plan. Performance based portions of the LTIP plans for 2022 and 2023 have not been included as the amount cannot be determined at this time. See "Compensation Components - Long-Term Incentive Plan", above.
- (4) The LTIP amount referenced for 2022 was paid when the new plan was approved on November 7, 2023.
- (5) Perquisites or other personal benefits which, in the aggregate, are worth \$50,000 or over.
- (6) John O'Hara received a retention bonus of \$90,000 in 2021.
- (7) Special make-whole/retention bonus paid in 2023.
- (8) All amounts are earned in USD and translated to CAD at the average exchange rate for the year: 1.3497 for 2023, 1.3013 for 2022, and 1.2535 for 2021.

Equity Based Incentive Plan Awards

The following table sets forth details of PSUs and RSUs granted to each Named Executive Officer and which are outstanding as at December 31, 2023.

Share-based awards

Name	Number of units that have not vested	Market or Payout value of the PSU and RSU based awards that have not vested ⁽¹⁾ (\$)	Market or Payout value of vested PSU and RSU based awards not paid out or distributed (\$)
Dino Bianco	17,856	158,023	n/a
Mark Holbrook	6,946	61,470	n/a
Michel Manseau	9,635	85,269	n/a
Gordon Goss ⁽²⁾	7,729	92,316	n/a
John O'Hara	6,957	61,568	n/a

(1) The vesting of the PSUs is subject to certain performance criteria being met. The amounts shown are estimated.

The estimated expected payout of the RSUs is shown above.

(2) Amounts are earned in USD and translated to CAD at an average exchange rate of 1.3497.

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, PSUs and RSUs vested during Fiscal 2023 and the value of executive performance bonus earned during Fiscal 2023.

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 (\$) ⁽¹⁾
Dino Bianco	n/a	364,093	1,220,231
Mark Holbrook	n/a	141,372	364,557
Michel Manseau	n/a	195,753	493,307
Gordon Goss ⁽²⁾	n/a	211,949	533,590
John O'Hara	n/a	141,619	365,825

(1) All amounts earned pursuant to KPLP's STCIP and LTIP. See "Compensation Components - Annual Bonus", above, and "Compensation Components - Long Term Incentive Plan", above.

(2) Amounts are earned in USD and translated to CAD at the average exchange rate of 1.3497.

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 31, 2023, 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 31, 2022 to December 31, 2023, including the annual cost attributable to compensatory items for the financial year ended December 31, 2023. The method of evaluation and assumptions used to determine the accrued pension obligation at year end are the same as the ones presented in Kruger Product's financial statements for the financial year ended December 31, 2023.

NAME	NUMBER OF YEARS CREDITED SERVICE	ANNUAL BENEFITS PAYABLE		ACCRUED OBLIGATION AT START OF YEAR	COMPENSATORY CHANGE	NON-COMPENSATORY CHANGE	ACCRUED OBLIGATION AT YEAR END
	#	AT DECEMBER 31, 2023 \$	AT AGE 65 \$	\$	\$	\$	\$
Mark Holbrook	25.0	87,700	87,700	1,192,500	35,100	132,900	1,360,500
Michel Manseau	35.2	123,300	175,000	2,154,900	57,900	286,900	2,499,700
Gordon Goss	32.2	81,600	150,700	803,000	41,100	175,700	1,019,800
John O'Hara	4.8	16,700	24,400	198,100	-1,400	34,600	231,300

Mark Holbrook participates in a non-contributory DB registered pension plan but does not participate in a DB 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. John O'Hara has accrued benefits under a defined benefit plan and is now participating in the Defined Contribution Plan.

Defined Contribution Pension Arrangements

Dino Bianco and John O'Hara participate in KPI's defined contribution pension plan. The following table presents a summary of the estimated total benefits under KPI's defined contribution pension plan. Under such plan, KPI contributes 20% of Mr. Bianco's base salary and 15% of Mr. O'Hara's base salary. For Dino Bianco and John O'Hara, the amount in excess of the amount allowed under the defined contribution pension plan is allocated to a supplementary retirement arrangement ("SERP-DC").

Mark Holbrook also participates in the SERP-DC. Under such plan, KPI contributes 15% of Mr. Holbrook's base salary that is in excess of the compensation recognized under the non-contributory DB registered pension plan.

NAME	ACCRUED	COMPENSATORY	ACCRUED
	OBLIGATION AT		OBLIGATION AT
	START OF YEAR	CHANGE	YEAR END
	\$	\$	\$
Dino Bianco	648,234	134,885	846,877
Mark Holbrook	128,124	26,069	166,563
John O'Hara	534,852	69,490	658,032

Director Compensation of the Corporation

Each director of the Corporation receives from KPI, on behalf of the Corporation, an annual retainer fee of \$25,000. The Chair of the Board of the Corporation receives from KPI, on behalf of the Corporation, an additional annual retainer fee of \$15,000. In addition, each independent director serving on the Nominating and Governance Committee receives a fee of \$1,250 per committee meeting attended. The independent directors of the Corporation and Louise Denys Wendling, until her resignation from the Board of the Corporation and the board of KPI on March 6, 2024, also serve and are further compensated as independent directors of KPI. See "Director Compensation of KPI" below.

Director Compensation of KPI

The independent directors of KPI each receive an annual cash retainer of \$25,000 and an additional fee of \$2,500 per KPI Board meeting attended. In addition, the Chair of the KPI Audit Committee receives an additional annual cash retainer fee of \$15,000. The members of the KPI Audit Committee also receive a fee of \$1,750 per committee meeting attended and the members of the KPI Compensation Committee and KPI Governance Committee receive a fee of \$1,250 per committee meeting attended. All directors are entitled to be reimbursed for out-of-pocket expenses incurred by them in their capacity as directors.

The following table sets out information concerning the Fiscal 2023 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	All Other Compensation	Total
François Vimard	\$90,500	---	\$90,500
James Hardy	\$89,250	---	\$89,250
Michel Letellier ²	\$5,138	---	\$5,138

Name	Fees Earned ¹	All Other Compensation	Total
Louise Wendling ³	\$65,250	---	\$65,250
John 'Jay' Wright	\$59,583	---	\$59,583
Joseph Kruger II	---	---	N/A
David Angel	---	---	N/A
Dino Bianco	---	---	N/A
Gene Kruger	---	---	N/A
Sarah Kruger	---	---	N/A
David Spraley	---	---	N/A

¹ Represents the director's retainer, any chair and committee membership fees and meeting attendance fees using the fee schedule.

² On February 6, 2023 Michel Letellier resigned from the Board and John 'Jay' Wright was appointed a Director effective March 9, 2023.

³ On March 6, 2024 Louise Wendling resigned from the Board.

Minimum Shareholding Requirement for Directors

The Corporation Board has adopted a policy that requires that each director own a minimum of 5,000 common shares and/or share equivalents in the form of deferred share units ("DSUs") of the Corporation. The Corporation Board has adopted a deferred share unit plan ("Plan") which allows independent directors and Louise Wendling to receive all or part of their director retainer fees in the form of DSUs. The Plan allows for the issuance of additional units as dividend equivalents when the Corporation declares and issues a dividend to shareholders. Upon the individual ceasing to be a director, the DSUs will be paid out in cash.

If a director does not own such minimum amount of shares or DSUs, he or she shall, over a three-year period starting from the later of his or her appointment, acquire such number of shares or receive Board retainer fees in the form of DSUs to reach the minimum 5,000 common shares and/or DSUs by the end of such three-year period, with a minimum of 1,667 shares and/or DSUs being held after year 1; 3,334 shares and/or DSUs being held after year 2; and a minimum of 5,000 shares and/or DSUs being held after year 3. The Directors have all met the minimum shareholding requirement for Fiscal 2023, with the exception of Sarah Kruger who was appointed to the Corporation's Board on March 7, 2024.

Performance Graph

The following graph shows, as at December 31, 2023, the cumulative total shareholder return on a \$100 investment as at January 1, 2019 (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.

Employment Agreements, Termination Benefits and Change of Control Benefits

KPI has entered into an employment agreement with Mr. Dino Bianco with respect to his employment as CEO. Mr. Bianco’s employment agreement provides that, in the event of a change of control of KPI, as defined in the agreement, he will receive a retention bonus equivalent to 12 months base salary no later than six months following the change of control, which shall also be payable if Mr. Bianco’s employment is terminated without cause within the 6 month period following the change of control. The employment agreement further provides that, in the event that KPI terminates Mr. Bianco’s 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 12 months in accordance with KPI’s normal payroll schedule: (A) the base salary that would have been payable to him had his employment with KPI continued after the date of termination; (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; and (C) an LTIP incentive payment as per the terms of the LTIP or a pro rata portion of the LTIP incentive payment that would have been payable; (ii) continued participation in benefit plans made generally available to KPI’s similarly-situated employees from time to time; and (iii) continued participation in the DC SERP during the severance period.

Other than with Dino Bianco, KPI has not entered into written employment agreements with its NEOs. KPI has not put in place any agreement, plan or mechanism for payments in favour of the other Named 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 KPI. However, under the LTIP, upon termination without cause and upon retirement, all previous awards granted under the plan continue to vest and become payable in their normal course. Upon the death of a participant, all previously allocated amounts vest immediately, and are paid at target.

The following table shows estimated incremental payments, payables and benefits to Dino Bianco that would be triggered by: (i) a termination of employment without cause; and (ii) a change of control, in each case as if the triggering event had occurred on December 31, 2023. No incremental payments, payables or benefits would be triggered for the other NEOs in such circumstances.

Name	Salary (\$)	STCIP (\$)	LTIP (\$)⁽¹⁾	Total at Termination (\$)	Change of Control⁽²⁾ (\$)
Dino Bianco	\$606,618	\$606,618	N/A	\$1,213,236	\$606,618

(1) All previous LTIP awards granted continue to vest and are payable in their normal course as per the terms of the plan.

(2) Payable as a retention bonus no later than six months following the change of control, which shall also be payable if Mr. Bianco's employment is terminated without cause within the 6 month period following the change of control

Pursuant to his employment agreement, Mr. Bianco is subject to a 12 month non-solicitation covenant as well as confidentiality obligations.

Indemnification and Insurance

The Corporation and KPI have jointly subscribed for a directors' and officers' insurance policy. In addition, the Corporation and KPI have entered into indemnification agreements with each of the Corporation's directors and officers and KPI has entered into indemnification agreements with each of KPI's directors and officers. The indemnification agreements generally require that the Corporation and/or KPI, 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, or KPI 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 KPI, 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

Other than as set out below, no director or executive officer of the Corporation or KPI 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 materially affected or would materially affect the Corporation or KPI 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 accommodates three independent directors on the KPI Board and a board member nominated by Kruger pursuant to the Shareholders' Agreement. Since the Corporation's business is limited to its investment in KPI and related activities, the Corporation's Board does not currently believe that a Corporation board size greater than four directors is necessary or appropriate. KPI, the operating entity in which the Corporation holds an interest, has a more typical board size of ten members. See "Corporate Governance of KPI".

Independence of the Corporation Board

In the view of the Corporation Board, three of the Corporation's Board members, namely James Hardy, François Vimard and Jay Wright, 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's Board, be reasonably

expected to interfere with a director's independent judgment. Sarah Kruger is deemed not to be independent because she is a member of the board of directors of Kruger. The independent directors hold in camera sessions without management present at meetings of the Corporation Board, as considered necessary.

Certain members of the Corporation's 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. The Corporation Board meets four times (or more, as necessary) 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 KPI carries out its responsibilities under the Administration Agreement.

Despite the role played by KPI as administrator under the Administration Agreement, the directors of the Corporation Board remain responsible for the performance of certain functions, subject to any approval or other rights set out in the Shareholders' Agreement. The mandate of the Corporation Board is attached hereto as Appendix "C".

In light of the Corporation's structure, the role and functions of KPI 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 compensation committee. There is, however, a compensation committee at the level of the KPI Board. See "Corporate Governance of KPI — Compensation Committee" and "Corporate Governance of KPI — Corporate Governance Committee", below.

Despite the limited nature and scope of the Corporation's operations, individual directors are assessed with respect to their effectiveness and contribution in a process overseen by the Chair of the Corporation Board. In addition to formal director assessment, 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 François Vimard, 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 Kruger Products, as the administrator under the Administration Agreement. Dino Bianco is the CEO of the Corporation and Kruger Products.

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. The directors are also engaged in a review of the annual operating and capital plan of Kruger Products, as well as its long-term strategic plan.

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. The Corporation's Code of Business Conduct and Ethics is available on the Corporation's website at <https://www.kptissueinc.com/investor-relations/corporate-governance> and on the SEDAR+ website at www.sedarplus.ca

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 4 years. 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, visible minorities, Indigenous peoples or persons with disabilities in executive officer positions when making executive officer appointments and has not adopted a target regarding women, visible minorities, Indigenous peoples or persons with disabilities in executive officer positions. None of the individuals appointed as executive officers of the Corporation (who are appointed as a result of their corresponding positions as executive officers of KPI) are women, visible minorities, Indigenous peoples or persons with disabilities.

Board and Attendance

The Corporation Board met four (4) times in Fiscal 2023 and each Corporation Board 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 its three independent directors, James Hardy (as Chair), François Vimard and Jay Wright, each of whom is also a member of the KPI Audit Committee. See "Corporate Governance of — Audit Committee." Each of François Vimard, James Hardy and Jay Wright is financially literate and independent within the meaning of NI 52-110. 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 Audit Committee met four (4) times in Fiscal 2023 and each member of the Audit Committee was in attendance at each meeting.

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 dated March 7, 2024, available on the SEDAR+ website at www.sedarplus.ca.

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 for Fiscal 2023 dated March 7, 2024, which can be viewed on the SEDAR+ website at www.sedarplus.ca.

Nominating and Governance Committee and Board Diversity Policy

The Corporation Board has a nominating and governance committee (the "Nominating and Governance Committee") comprised of Jay Wright, James Hardy and François Vimard. The Chair of the Nominating and Governance Committee is Jay Wright. Each of Jay Wright, François Vimard and James Hardy is independent within the meaning of NI 52-110 and National Instrument 58-101 — *Disclosure of Corporate Governance Practices* ("NI 58-101"). The principal role of the Nominating and Governance 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 and Governance Committee from time to time.

The Nominating and Governance Committee and the Board also consider the level of representation of women, visible minorities, Indigenous Peoples and persons with disabilities on the Board in identifying and nominating candidates for election or re-election to the Board to meet the objectives of the Board Diversity Policy, as described below. On March 22, 2019, the Corporation Board adopted a written policy, as amended in 2020 (the "Board Diversity Policy"), which confirms the commitment of the Corporation to diversity and sets out the process the Board of Directors uses to identify and nominate candidates for director. The Board Diversity Policy states that:

- (a) the Corporation is committed to putting in place a diverse and inclusive culture at the Board level;
- (b) when identifying suitable candidates for appointment to the Corporation Board, the Nominating and Governance Committee will consider candidates based on merit, using objective criteria, including skills, expertise and experience, with due regard to the benefits of diversity, including criteria such as gender, age ethnicity and physical disability; and
- (c) the Nominating and Governance Committee will, as part of its identification and nomination process, include gender, visible minorities, Indigenous peoples and persons with disabilities as important diversity criteria for identifying suitable candidates for director.

Due to the small size of the Corporation Board, the Corporation has not set a specific target number or percentage of women, visible minorities, Indigenous peoples and persons with disabilities to serve on the Corporation Board.

The Nominating and Governance Committee is responsible for annually reviewing the Board Diversity Policy and assessing its effectiveness in promoting a diverse Board of Directors. In measuring the effectiveness of the Board Diversity Policy, the Nominating and Governance Committee will consider its identification and consideration of any individuals to become Board members in the previous year and whether and how the policy influenced such identification and consideration.

Currently, one member of the Corporation Board is a woman and none is a visible minority, Indigenous person or person with a disability.

The Nominating and Governance Committee is also responsible for ensuring that the Corporation develops and implements an effective approach to corporate governance that reflects the somewhat unique nature of the Corporation's business and relationship with KPI, including monitoring by the Corporation Board of the Corporation's rights in respect of KPI.

CORPORATE GOVERNANCE OF KPI

The Corporation's business is limited to its investment in KPI and related activities. 13582141 Canada Inc. as holder of 87.21% of the outstanding shares of KPI, controls KPI. As a minority shareholder, the Corporation's rights in respect of KPI are limited and are derived entirely from the Shareholders' Agreement. Decisions regarding KPI's 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 Shareholder Agreement are exercised by the Corporation Board, which is composed of a majority of independent directors.

The Corporation's rights in respect of KPI are described in the summary of the Shareholders' Agreement under the section "Material Contracts — Material Contracts of the Corporation — Shareholders' Agreement" of the Corporation's Annual Information Form for Fiscal 2023 dated March 7, 2024, which section is incorporated by reference herein (and available on the SEDAR+ website at www.sedarplus.ca).

Independence of KPI Board

The KPI Board is comprised of nine directors. In the KPI Board's view, the following three directors, namely François Vimard, James Hardy and Jay Wright who are also directors of the Corporation, are independent directors within the meaning of NI 52-110. The remaining directors of KPI, namely Joseph Kruger II, David Angel, Dino Bianco, Gene Kruger, Sarah Kruger, and David Spraley, are not independent within the meaning of NI 52-110 and NI 58-101 because each of them is or has been an employee of Kruger (or, in the case of Dino Bianco, an employee of KPI) (collectively, the "Non-Independent Directors").

Where conflicts of interest may arise as a result of the association of the Non-Independent Directors (other than Dino Bianco) with Kruger (i.e. where KPI 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 Shareholders' Agreement requires that the Corporation's approval of the entering into of such transaction be obtained.

Pursuant to the Shareholders' Agreement, Kruger undertook to exercise the votes attached to all shares of KPI held by it from time to time in favour of the election as directors of KPI such individuals as the Corporation is entitled to designate ("Corporation Nominees"). The number of Corporation Nominees on the KPI Board is currently three (consisting of François Vimard, James Hardy and Jay Wright) but will vary depending on the Corporation's proportionate share in KPI at the time of designation. Pursuant to the Shareholders' 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).

The independent directors will hold in camera sessions without management present at meetings of the KPI Board, if considered necessary. Furthermore, pursuant to the Shareholders' Agreement, certain decisions in respect of Kruger Products 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 KPI committee level, three independent directors serve as members of the KPI Audit Committee, one independent director serves as a member of the KPI Compensation Committee and two independent directors serve as members (and constitute a majority) of the KPI Governance Committee.

For the biographies of each of the directors of KPI, including a list of each directors reporting issuer board memberships, if applicable, reference is made to the section "Directors and Executive Officers of KPI" in the Annual Information Form, which section is incorporated by reference herein (and available on the SEDAR+ website at www.sedarplus.ca).

Mandate of KPI Board

The KPI Board is responsible for managing the business of KPI. The KPI Board is expected to meet no less than four times annually.

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

- adopting a strategic planning process and periodically approve a strategic plan;
- formulating the KPI Board's expectations of KPI management;
- identifying and monitoring the main risks faced by KPI and ensuring appropriate measures and systems are implemented for managing such risks;
- defining the responsibilities of the senior executives and their authority to bind KPI ;
- ensuring the integrity of KPI's internal control and management information systems;
- developing KPI's approach to corporate governance, including the preparation of a specific set of principles and guidelines;
- considering recommendations of the KPI 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 KPI Board and establishing approval and authorization policies for decisions and contracts binding KPI;
- preparing and adopting a Code of Business Conduct and Ethics for the directors and officers of KPI and employees of KPI, 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 KPI Board and the Chair of each Committee;
- on the recommendation of the KPI Compensation Committee, establishing and approving a position description for the Chief Executive Officer;
- creating committees of the KPI Board, establishing their mandate and appointing their members;
- appointing the Chairman of the KPI Board and the Chairs of each committee of the KPI Board;
- on a recommendation of the KPI 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 KPI Audit Committee, ensuring compliance with accounting standards, as well as the integrity and adequacy of financial reporting;
- on a recommendation of the KPI Audit Committee, approving the financial results of KPI;
- 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 KPI;
- approving the acquisition or sale of major assets and any other important transaction involving KPI, its property and its rights or its obligations;
- approving any major reorganization or downsizing of KPI;

- approving the purchase, redemption or any other form of acquisition of the securities of KPI and approving the related reporting process; and
- approving the form and content of the certificates evidencing the securities of KPI.

ESG Governance

The KPI Board has oversight of KPI’s Environmental, Social and Governance (ESG) strategy, disclosure and ESG risks (including risks relating to climate change). The KPI Governance Committee is responsible for reviewing KPI’s ESG risk assessments and performance against objectives and providing related reports and recommendations, where appropriate to the KPI Board. KPI’s CEO and Leadership Team have responsibility for execution of KPI’s ESG strategy. KPI’s Vice President of Sustainability leads the development of the strategy to reduce KPI’s environmental footprint supported by cross-functional teams across the organization.

Position Descriptions

The Chair of the Board of Directors

The Chairman of the KPI Board is David Spraley, 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 KPI 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 KPI Board to set board agendas; chairing KPI Board meetings; ensuring compliance with the governance policies of the KPI Board regarding conduct of KPI Board meetings; facilitating and encouraging open and effective communication and relationships between (i) the management of KPI and the KPI Board, and (ii) KPI and shareholders, stakeholders and the general public; and reviewing and evaluating the performance of the KPI Board as a whole at least annually.

The CEO

Dino Bianco is KPI’s CEO. The primary functions of the chief executive officer are to lead the management of KPI’s business and affairs and to lead the implementation of the resolutions and the policies of the KPI Board. The KPI 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 KPI Board annually.

Orientation and Continuing Education

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

Nomination of Directors of KPI

As the Corporation nominates the independent directors of the KPI Board pursuant to the Shareholders’ Agreement, KPI does not have a nominating committee. There is, however, a nominating committee at the Corporation level. See “Corporate Governance of the Corporation — Nominating and Governance Committee”.

Diversity

KPI will generally consider gender diversity on the board as one factor amongst many in identifying appropriate nominees. The KPI Board has not adopted a board diversity policy or adopted a target for the representation of women, visible minorities, Indigenous peoples or persons with disabilities on the KPI 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. Currently there is one woman on the Board. In 2019, KPI developed its Diversity and Inclusion strategy and rolled out a Diversity & Inclusion awareness program to all salaried employees called the Power of Differences.

Term Limits

KPI does not set specific term limits or a mandatory retirement age for KPI Board members. The current composition of the board balances a depth of institutional experience and fresh perspectives. KPI 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

KPI recognizes the importance of having a diversity of skills and experience amongst executive officers. KPI will generally consider gender diversity at the executive officer level as one factor amongst many in identifying appropriate candidates. KPI has not adopted specific targets regarding women, visible minorities, Indigenous peoples or persons with disabilities 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 KPI. 18% (two out of twelve) of KPI's executive officers are women.

Audit Committee

The KPI audit committee (the "KPI Audit Committee") is comprised of James Hardy (Chair), Jay Wright and François Vimard. Each of Jay Wright, François Vimard, and James Hardy is financially literate and independent within the meaning of NI 52-110. See "Nominees for Election to the Board of Directors — Biographies" for a brief summary of the education and experience of KPI Audit Committee member that is relevant to his performance as a member of the KPI Audit Committee.

The KPI Board has adopted a written charter for the KPI Audit Committee (the "Charter of the KPI Audit Committee") which sets out the KPI Audit Committee's responsibility in reviewing the financial statements of KPI and reporting on such review to the KPI 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 KPI 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.sedarplus.ca. The KPI Audit Committee meets at least four times annually to fulfill its mandate. The KPI Audit Committee met four (4) times in Fiscal 2023 and each KPI Audit Committee member was in attendance at each meeting.

Auditors' Fees

Details with respect to external auditor fees for past services can be found in the section "Audit Committee Information Regarding Kruger Products" of the Annual Information Form for Fiscal 2023 dated March 7, 2024, which can be viewed on the SEDAR+ website at www.sedarplus.ca.

Compensation Committee

Information relating to the KPI 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 KPI (the "KPI Governance Committee") is composed of Gene Kruger (Chair), James Hardy and François Vimard. Each of James Hardy and François Vimard is an independent director. The Shareholders' Agreement provides that the KPI Governance Committee shall be a three member committee composed of at least two independent directors including at least one Corporation Nominee.

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

Board Attendance

The KPI Board met five times in Fiscal 2023 and each KPI 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 Corporation must receive proposals for any matter that a shareholder proposes to raise at the annual meeting of the shareholders of the Corporation to be held in 2025 during the period beginning on January 15, 2025 and ending on March 13, 2025.

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 TSX Trust Company Transfer, the Corporation's transfer agent, at 100 Adelaide West, Toronto, Ontario M5H 4H1 or by e-mail at tsxtis@tmx.com should you have any questions regarding voting of your Shares.

The Corporation Financial Statements, the audited consolidated financial statements of Kruger Products, together with the auditors' report thereon, as well as any interim financial statements of the Corporation and Kruger Products for periods subsequent to the end of Fiscal 2023, the Annual Information Form, the MD&A and this Circular are available free of charge on the SEDAR+ website at www.sedarplus.ca and may also be obtained upon request made to the Corporate Secretary of the Corporation, François Paroyan, at the Corporation's head office: 2 Prologis Blvd, Suite 500, Mississauga, Ontario L5W 0G8.

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 29th day of April 2024.

(Signed) François Paroyan
General Counsel and Corporate Secretary

APPENDIX “A”

GLOSSARY OF TERMS

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

“**Adjusted EBITDA**” is calculated by Kruger Products as net income (loss) before (i) interest expense and other finance costs, (ii) income taxes, (iii) depreciation, (iv) amortization, (v) loss (gain) on disposal of property, plant and equipment, (vi) foreign exchange loss (gain), (vii) costs related to restructuring activities, (viii) changes in amortized cost of Partnership units liability, (ix) consulting costs related to operational transformation initiatives and (x) corporate development related costs.

“**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 7, 2024.

“**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.

“**Board Diversity Policy**” has the meaning set out under the heading “Nominating and Governance Committee and Board Diversity Policy”.

“**Bonus Cap**” has the meaning set out under the heading “Executive Compensation Discussion and Analysis – Compensation Components – Annual Bonus”.

“**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 KPI Audit Committee**” has the meaning set out under the heading “Corporate Governance of KPI — 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 KPI — Independence of KPI Board”.

“**Director Nomination Right**” has the meaning attributed to it under “Material Contracts — Material Contracts of the Corporation — Shareholders’ Agreement — Kruger’s right to nominate a director of the Corporation”.

“**Fiscal 2023**” means the fiscal year ended December 31, 2023.

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

“**KPI**” means Kruger Products Inc.

“**KPI Audit Committee**” means the audit committee of Kruger Products Inc.

“**KPI Board**” means the board of directors of Kruger Products Inc.

“**KPI Compensation Committee**” means the human resources and compensation committee of Kruger Products Inc.

“**KPI Governance Committee**” has the meaning set out under the heading “Corporate Governance of Kruger Products Inc. — Corporate Governance Committee”.

“**KPLP**” means Kruger Products L.P.

“**KPT**” means KP Tissue Inc.

“**Kruger**” means Kruger Inc.

“**Kruger Products**” means Kruger Products Inc.

“**Laurel Hill**” means Laurel Hill Advisory Group

“**LTIP**” means KPIs long-term incentive plan.

“**MD&A**” means the Management’s Discussion and Analysis for the Corporation and KPI for Fiscal 2023.

“**Meeting**” means the annual meeting of Shareholders to be held on June 11, 2024 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 and Governance Committee**” has the meaning set out under the heading “Corporate Governance of the Corporation — Nominating and Governance Committee and Board Diversity Policy”.

“**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”.

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

“**PwC**” means PricewaterhouseCoopers LLP.

“**Record Date**” means April 26, 2024.

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

ROCE” means KPI’s Adjusted EBITDA Return On Capital Employed.

“**RSUs**” means Restricted Share Units under the LTIP.

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

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

“**Shareholders Agreement**” has the meaning set out under the heading “Nominees for Election to the Board of Directors — Nomination Right Under Shareholder’s Agreement”

“**STCIP**” means KPI’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”

AMENDMENTS TO BY-LAW NO. 3 – A BY-LAW RELATING GENERALLY TO THE TRANSACTION OF THE BUSINESS AND AFFAIRS OF KP TISSUE INC.

AMENDED AND RESTATED BY-LAW NO. 3

A by-law relating generally to
the transaction of the business
and affairs of

KP TISSUE INC.

1. INTERPRETATION

1.1 Definitions

In the by-laws of the Corporation, unless the context otherwise requires:

“**Act**” means the *Canada Business Corporations Act*, R.S.C., 1985, c. C-44 and the regulations made pursuant thereto, as from time to time amended, and every statute that may be substituted therefor and, in the case of such substitution, any reference in the By-Laws to provisions of the Act shall be read as references to the substituted provisions therefor in the new statute or statutes;

“**Applicable Securities Laws**” means the applicable Securities Act of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada.

“**Articles**” means the articles of the Corporation, as amended or restated from time to time;

“**Board**” means the board of directors of the Corporation;

“**By-Laws**” means this by-law No. 3 and all other by-laws of the Corporation in force and effect from time to time;

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

“**Nominating Shareholder**” has the meaning ascribed thereto in Section 3.3.1;

“**Notice Date**” has the meaning ascribed thereto in Section 3.3.3;

“**Public Announcement**” shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and

“**Recorded Address**” means (i) in the case of a shareholder or other securityholder, the shareholder’s or securityholder’s latest address as shown in the records of the Corporation, (ii) in the case of joint shareholders or other joint securityholders, the address appearing in the records of the Corporation in respect of the joint holding or, if there is more than one address in respect of the joint holding, the first address that appears, and (iii) in the case of a director, officer or auditor, the person’s latest address as shown in the records of the Corporation or, if applicable, the last notice filed with the Director under the Act, whichever is the most recent.

1.2 Interpretation

In the By-Laws words importing the singular number only include the plural and vice versa; words importing any gender include all genders; words importing persons include individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures and

governmental authorities; terms that are not otherwise defined in this by-law have the meanings attributed to them in the Act; and “meeting of shareholders” means an annual meeting of shareholders or a special meeting of shareholders.

1.3 Subject to Act and Articles

The By-Laws are subject to, and should be read in conjunction with, the Act and the Articles. If there is any conflict or inconsistency between any provision of the Act or the Articles and any provision of the By-Laws, the provision of the Act or the Articles will govern.

2. BUSINESS OF THE CORPORATION

2.1 Corporate Seal

The Corporation may have a corporate seal which shall be adopted and may be changed by resolution of the Board.

2.2 Financial Year

The financial year of the Corporation shall be as determined by the Board from time to time.

2.3 Banking Arrangements

The banking business of the Corporation, or any part thereof, will be transacted with such banks, trust companies or other financial institutions as the Board may designate, appoint or authorize from time to time and all such banking business, or any part thereof, will be transacted on the Corporation’s behalf by one or more officers or other persons as the Board may designate, direct or authorize from time to time.

2.4 Execution of Instruments

2.4.1 Contracts, documents or instruments in writing requiring execution by the Corporation will be signed by hand by any one person who is an officer or director of the Corporation (whether under the corporate seal of the Corporation, if any, or otherwise) and all contracts, documents or instruments in writing so signed will be binding upon the Corporation without any further authorization or formality. The Board is authorized from time to time by resolution to appoint any officer or any other person on behalf of the Corporation to sign by hand (whether under the corporate seal of the Corporation, if any, or otherwise) and deliver either contracts, documents or instruments in writing generally or to sign either by hand or by facsimile or mechanical signature or otherwise (whether under the corporate seal of the Corporation, if any, or otherwise) and deliver specific contracts, documents or instruments in writing.

2.4.2 Contracts, documents or instruments in writing that are to be signed by hand may be signed electronically. The term “contracts, documents or instruments in writing” as used in this by-law includes without limitation deeds, mortgages, charges, conveyances, powers of attorney, transfers and assignments of property of all kinds (including specifically but without limitation transfers and assignments of shares, warrants, bonds, debentures or other securities), proxies for shares or other securities and all paper writings.

3. DIRECTORS

3.1 Number of Directors and Quorum

The number of directors of the Corporation shall be the number of directors as specified in the Articles. The quorum for the transaction of business at any meeting of the Board shall be a majority of the number of directors then in office and or such greater number of directors as the Board may from time to time by resolution determine.

3.2 Election of Term

The election of directors shall take place at the first meeting of shareholders and at each succeeding annual meeting of shareholders and all the directors then in office shall retire but, if qualified, shall be eligible for re-election. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected.

3.3 Nomination of Directors

- 3.3.1 Subject only to the Act and the Articles, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the Board may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:
- (a) by or at the direction of the Board or an authorized officer of the Corporation, including as specified in a notice of meeting;
 - (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition of the shareholders made in accordance with the provisions of the Act; or
 - (c) by any person (a “**Nominating Shareholder**”) (i) who, at the close of business on the date of the giving of the notice provided for in this Section 3.3 and on the record date for notice of such meeting, is entered in the securities register of the Corporation as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and (ii) who complies with the notice procedures set forth in this Section 3.3.
- 3.3.2 In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the secretary of the Corporation at the principal executive offices of the Corporation in accordance with this Section 3.3.
- 3.3.3 To constitute timely notice, a Nominating Shareholder’s notice to the secretary of the Corporation must be made:
- (a) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is called for a date that is less than 50 days after the date (the “**Notice Date**”) on which the first Public Announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth day following the Notice Date; and
 - (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth day following the day on which the first Public Announcement of the date of the special meeting of shareholders was made. In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder’s notice as described above.
- 3.3.4 To be in proper written form, a Nominating Shareholder’s notice to the secretary of the Corporation must set forth:
- (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, and (iv) any other information relating to the person that would be required to be disclosed in a dissident’s proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws; and
 - (b) as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the

Corporation and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws.

- 3.3.5 The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.
- 3.3.6 No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this Section 3.3; provided, however, that nothing in this Section 3.3 shall be deemed to preclude discussion by a shareholder (as distinct from nominating directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in in this Section 3.3 and, if any proposed nomination is not in compliance with this Section 3.3, to declare that such defective nomination shall be disregarded.
- 3.3.7 Notwithstanding any other provision of the By-Laws, notice given to the secretary of the Corporation pursuant to this Section 3.3 may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the secretary at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Toronto time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.
- 3.3.8 Notwithstanding the foregoing, the Board may, in its sole discretion waive any requirement in this Section 3.3.

3.4 Removal of Directors

Subject to the provisions of the Act, the shareholders may by ordinary resolution passed at a meeting specially called for such purpose remove any director from office and the vacancy created by such removal may be filled at the same meeting failing which it may be filled by a quorum of the directors.

3.5 Vacation of Office

A director ceases to hold office when he or she dies or, subject to the Act, resigns; he or she is removed from office by the shareholders in accordance with the Act; he or she becomes of unsound mind and is so found by a court in Canada or elsewhere or if he or she acquires the status of a bankrupt.

3.6 Vacancies

Subject to the Act, a quorum of the Board may fill a vacancy in the Board, except a vacancy resulting from an increase in the number or maximum number of directors or from a failure of the shareholders to elect the number of directors required to be elected at any meeting of shareholders. In the absence of a quorum of the Board, or if the vacancy has arisen from a failure of the shareholders to elect the number of directors required to be elected at any meeting of shareholders, the directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy. If the directors then in office fail to call such meeting or if there are no directors then in office, any shareholder may call the meeting.

3.7 Calling of and Notice of Meetings

Meetings of the Board will be held on such day and at such time and place as the President or Secretary of the Corporation or any two directors may determine. Notice of meetings of the Board will be given to each director not less than 48 hours before the time when the meeting is to be held. Each newly elected Board may without notice hold

its first meeting for the purposes of organization and the appointment of officers immediately following the meeting of shareholders at which such Board was elected.

3.8 Votes to Govern

At all meetings of the Board every question will be decided by a majority of the votes cast on the question; and in case of an equality of votes the chair of the meeting will not be entitled to a second or casting vote.

3.9 Interest of Directors and Officers in Contracts

No director or officer will be disqualified from his or her office for contracting with the Corporation, nor will any contract or agreement entered into by or on behalf of the Corporation with any director or officer, or in which any director or officer is in any way interested, be liable to be voided, nor will any director or officer so contracting or being so interested be liable to account to the Corporation for any profit realized by any such contract or agreement by reason of such director or officer holding that office or of the fiduciary relationship thereby established, provided that, in each case, the director or officer has complied with the provisions of the Act.

4. INDEMNIFICATION

4.1 Indemnification of Directors and Officers

The Corporation will indemnify a director or officer of the Corporation, a former director or officer of the Corporation or another individual who acts or acted at the Corporation's request as a director or officer, or in a similar capacity, of another entity, and his or her heirs and legal representatives to the extent permitted by the Act.

4.2 Indemnification of Others

Except as otherwise required by the Act and subject to Section 4.1, the Corporation may from time to time indemnify and save harmless any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he or she is or was an employee or agent of the Corporation, or is or was serving at the request of the Corporation as an employee, agent of or participant in another entity, against expenses (including legal fees), judgments, fines and any amount actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which he or she served at the Corporation's request and, with respect to any criminal or administrative action or proceeding that is enforced by a monetary penalty, had reasonable grounds for believing that his or her conduct was lawful. The termination of any action, suit or proceeding by judgment, order, settlement or conviction will not, of itself, create a presumption that the person did not act honestly and in good faith with a view to the best interests of the Corporation or other entity and, with respect to any criminal or administrative action or proceeding that is enforced by a monetary penalty, had no reasonable grounds for believing that his or her conduct was lawful.

4.3 Right of Indemnification not Exclusive

The provisions for indemnification contained in the By-Laws will not be deemed exclusive of any other rights to which any person seeking indemnification may be entitled under any agreement, vote of shareholders or directors or otherwise, both as to action in his or her official capacity and as to action in another capacity, and will continue as to a person who has ceased to be a director, officer, employee or agent and will inure to the benefit of that person's heirs and legal representatives.

4.4 No Liability of Directors or Officers for Certain Matters

To the extent permitted by law, no director or officer for the time being of the Corporation will be liable for the acts, receipts, neglects or defaults of any other director or officer or employee or for joining in any receipt or act for conformity or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation will be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or

body corporate with whom or which any moneys, securities or other assets belonging to the Corporation will be lodged or deposited or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Corporation or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his or her respective office or trust or in relation thereto unless the same will happen by or through his or her failure to act honestly and in good faith with a view to the best interests of the Corporation and in connection therewith to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. If any director or officer of the Corporation is employed by or performs services for the Corporation otherwise than as a director or officer or is a member of a firm or a shareholder, director or officer of a body corporate which is employed by or performs services for the Corporation, the fact that the person is a director or officer of the Corporation will not disentitle such director or officer or such firm or body corporate, as the case may be, from receiving proper remuneration for such services.

4.5 Insurance

The Corporation may purchase and maintain insurance for the benefit of any person referred to in Section 4.1 against such liabilities and in such amounts as the Board may from time to time determine and are permitted by the Act.

5. SHAREHOLDERS

5.1 Calling Annual and Special Meetings

The directors and the chair of the Board and the chief executive officer have the power to call annual meetings of shareholders and special meetings of shareholders. Annual meetings of shareholders and special meetings of shareholders will be held on the date and at the time and place in Canada as the person(s) calling the meeting determine(s).

5.2 Electronic Meetings

Meetings of shareholders may be held entirely by means of telephonic, electronic or other communications facility that permits all participants to communicate adequately with each other during the meeting. The directors may establish procedures regarding the holding of meetings of shareholders by such means.

5.3 Notice of Meetings

A notice stating the day, hour and place of meeting and, subject to subsection 135(6) of the Act, the general nature of the business to be transacted shall be sent to each person who is entitled to vote at such meeting, each director of the Corporation and the auditor of the Corporation no less than 21 days or more than 60 days before the meeting or such other period of time as may be specified in, or permitted by, the Act. If such notice is sent by mail, it shall be directed to the latest address as shown in the records of the Corporation, of the intended recipient.

5.4 Waiver of Notice

A shareholder, a proxyholder, a director or the auditor and any other person entitled to attend a meeting of shareholders may waive notice of a meeting of shareholders, any irregularity in a notice of meeting of shareholders or any irregularity in a meeting of shareholders. Such waiver may be waived in any manner and may be given at any time either before or after the meeting to which the waiver relates. Waiver of any notice of a meeting of shareholders cures any irregularity in the notice, any default in the giving of the notice and any default in the timeliness of the notice.

5.5 Representatives

A representative of a shareholder that is a body corporate or an association will be recognized if (i) a certified copy of the resolution of the directors or governing body of the body corporate or association, or a certified copy of an extract from the by-laws of the body corporate or association, authorizing the representative to represent the body corporate or association is deposited with the Corporation, or (ii) the authorization of the representative is established in another manner that is satisfactory to the corporate secretary or the chair of the meeting.

5.6 Persons Entitled to be Present

The only persons entitled to be present at a meeting of shareholders are those persons entitled to vote at the meeting, the directors, the officers, the auditor of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the Articles or By-Laws to be present at the meeting. Any other person may be admitted with the consent of the chair of the meeting or the persons present who are entitled to vote at the meeting.

5.7 Quorum

A quorum of shareholders is present at a meeting of shareholders if the holders of not less than ~~25%~~ 10% of the 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.

5.8 Proxies

A proxy shall comply with the applicable requirements of the Act and other applicable law and will be in such form as the directors may approve from time to time or such other form as may be acceptable to the chair of the meeting at which the instrument of proxy is to be used. A proxy will be acted on only if it is deposited with the Corporation or its agent prior to the time specified in the notice calling the meeting at which the proxy is to be used or it is deposited with the corporate secretary, a scrutineer or the chair of the meeting or any adjournment of the meeting prior to the time of voting.

5.9 Manner of Voting

- 5.9.1 Subject to the provisions of the Act, any question at a meeting of shareholders shall be decided by a show of hands unless a ballot is demanded by a shareholder or proxyholder entitled to vote at the meeting.
- 5.9.2 Each person present who is entitled to vote is entitled to the number of votes that are attached to the shares which such person is entitled to vote at the meeting.
- 5.9.3 In the case of a vote by a show of hands, each person present who is entitled to vote has one vote. If a ballot is taken, each person present who is entitled to vote is entitled to the number of votes that are attached to the shares which such person is entitled to vote at the meeting.

5.10 Votes to Govern

Any question at a meeting of shareholders shall be decided by a majority of the votes cast on the question unless the Articles, the By-Laws, the Act or other applicable law requires otherwise.

5.11 Adjournment

The chair of any meeting of shareholders may, with the consent of the persons present who are entitled to vote at the meeting, adjourn the meeting from time to time and place to place, subject to such conditions as such persons may decide. Any adjourned meeting is duly constituted if held in accordance with the terms of the adjournment and a quorum is present at the adjourned meeting. Any business may be considered and transacted at any adjourned meeting which might have been considered and transacted at the original meeting of shareholders.

6. SECURITIES

6.1 Form of Security Certificates

Subject to the Act, security certificates, if required, will be in the form that the directors approve from time to time or that the Corporation adopts.

6.2 Transfer Agents and Registrars

The Corporation may from time to time appoint one or more agents to maintain, for each class or series of securities issued by it in registered or other form, a central securities register and one or more branch securities registers. Such an agent may be designated as transfer agent or registrar according to their functions and one person may be designated both registrar and transfer agent. The Corporation may at any time terminate such appointment.

7. PAYMENTS

7.1 Payments of Dividends and Other Distributions

Any dividend or other distribution payable in cash to shareholders will be paid by cheque or by electronic means or by such other method as the directors may determine. The payment will be made to or to the order of each registered holder of shares in respect of which the payment is to be made. Cheques will be sent to the registered holder's Recorded Address, unless the holder otherwise directs. In the case of joint holders, the payment will be made to the order of all such joint holders and, if applicable, sent to them at their Recorded Address, unless such joint holders otherwise direct. The sending of the cheque or the sending of the payment by electronic means or the sending of the payment by a method determined by the directors in an amount equal to the dividend or other distribution to be paid less any tax that the Corporation is required to withhold will satisfy and discharge the liability for the payment, unless payment is not made upon presentation, if applicable.

7.2 Non-Receipt of Payment

In the event of non-receipt of any payment made as contemplated by Section 7.1 by the person to whom it is sent, the Corporation may issue re-payment to such person for a like amount. The directors may determine, whether generally or in any particular case, the terms on which any re-payment may be made, including terms as to indemnity, reimbursement of expenses, and evidence of non-receipt and of title.

7.3 Unclaimed Dividends

To the extent permitted by law, any dividend or other distribution that remains unclaimed after a period of two years from the date on which the dividend has been declared to be payable is forfeited and will revert to the Corporation.

8. MISCELLANEOUS

8.1 Notices

Any notice, communication or document required to be given, delivered or sent by the Corporation to any director, officer, shareholder or auditor is sufficiently given, delivered or sent if delivered personally, or if delivered to the person's Recorded Address, or if mailed to the person at the person's Recorded Address by prepaid mail, or if otherwise communicated by electronic means permitted by the Act. The directors may establish procedures to give, deliver or send a notice, communication or document to any director, officer, shareholder or auditor by any means of communication permitted by the Act or other applicable law. In addition, any notice, communication or document may be delivered by the Corporation in the form of an electronic document.

8.2 Invalidity of Provision

The invalidity or unenforceability of any provision of the By-Laws will not affect the validity or enforceability of the remaining provisions of the By-Laws.

8.3 Omissions and Errors

The accidental omission to give any notice to any shareholder, director, officer or auditor or the non-receipt of any notice by any shareholder, director, officer or auditor or any error in any notice not affecting its substance will not invalidate any action taken at any meeting to which the notice related or otherwise founded on the notice.

APPENDIX “C”

MANDATE OF THE BOARD



KP TISSUE INC.

MANDATE OF THE BOARD OF DIRECTORS

1. DEFINITIONS

1.1 In this mandate:

“**Administration Agreement**” means the amended and restated administration agreement dated January 1, 2023 between KPI, as administrator, and the Corporation, setting out the services to be provided by KPI to support the business of the Corporation in relation to its investment in KPI and its operation as a public company;

“**Board**” means the board of directors of the Corporation;

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

“**KPI**” means Kruger Products Inc.

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 KPI carries out its responsibilities under the Administration Agreement.

3.2 Despite the role played by KPI 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.
- (v) annual review of pension performance

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 KPI 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.

**QUESTIONS MAY BE DIRECTED TO THE
PROXY SOLICITATION AGENT**



**North America Toll Free:
1-877-452-7184**

**Collect Calls Outside North America:
1-416-304-0211**

**Email:
assistance@laurelhill.com**