



# **KP TISSUE INC.**

**NOTICE OF  
ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD JUNE 20, 2023  
AND  
MANAGEMENT INFORMATION CIRCULAR**

**May 5, 2023**



# 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 20, 2023 at TMX Market Centre, Pearce Bunting Room, 120 Adelaide Street West, Ground Floor, Toronto, Ontario M5H 1S3 for the following purposes:

- (1) to receive the audited financial statements of the Corporation for the fiscal year ended December 31, 2022, together with the auditors’ report thereon;
- (2) to elect the directors of the Corporation who will serve until the next annual shareholders meeting or until their successors are appointed;
- (3) to appoint the auditors of the Corporation and to authorize the directors to fix their remuneration; and
- (4) to transact such other business as may properly be brought before the Meeting or any adjournment thereof.

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

The Corporation’s Board of Directors has fixed the close of business on May 10, 2023 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](http://www.voteproxyonline.com) not later than 2:00 p.m. (Eastern Time) on June 16 2023, 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 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](http://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.sedar.com](http://www.sedar.com). The use of this alternative means of delivery is more environmentally friendly as it will help reduce paper use and it will also reduce the Corporation's printing and mailing costs.

Shareholders who wish to receive paper copies of the Notice of Meeting and Circular may request copies from 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 June 9, 2023. If your request is made after the Meeting and within one year of the Circular being filed, the Corporation will mail the Circular to you within 10 calendar days of the request.

Dated at Mississauga, this 5<sup>th</sup> day of May, 2023.

**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 20, 2023 at 2:00 p.m. (Eastern Time) at TMX Market Centre, Pearce Bunting Room, 120 Adelaide Street West, Ground Floor, Toronto, Ontario M5H 1S3, or any postponements(s) or adjournment(s) thereof, for the purposes set forth in the notice of meeting (the “Notice of Meeting”).

Capitalized terms used in this Circular have the respective meanings set out in the “Glossary of Terms” which is attached as Appendix “A” to this Circular. Information in this Circular is given as at May 5, 2023 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.**

On January 1, 2023, Kruger Products L.P. (“KPLP”) undertook a corporate reorganization (the “Reorganization”) pursuant to which KPLP, a limited partnership, was essentially replaced by a corporate entity without adversely affecting the Corporation. More specifically, KPLP sold and assigned to its wholly-owned subsidiary, Kruger Products Inc. (“Kruger Products” or “KPI”), and Kruger Products purchased and assumed from KPLP, in exchange for common shares, all of the properties, operations, assets and liabilities of KPLP, and KPLP was subsequently dissolved and wound-up into its partners. As a result of the Reorganization, Kruger Products, as the successor corporate entity to KPLP, now operates the business previously operated by KPLP.

The interest that the Corporation previously held in KPLP is now held in Kruger Products, and, through a shareholders’ agreement dated January 1, 2023 entered into with Kruger Inc. (the “Shareholders’ Agreement”), the Corporation has substantially equivalent rights in respect of the operation of, and its investment in, KPI, as it had in respect of KPLP.

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 the Reorganization.

The Corporation’s business is limited to holding an equity interest in Kruger Products. The Corporation currently holds a 13.51% 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®. Kruger Products has approximately 2,700 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 Meeting.

## **Date, Time and Place of Meeting**

The Meeting is scheduled to be held on June 20, 2023 at 2:00 p.m. (Eastern Time) at TMX Market Centre, Pearce Bunting Room, 120 Adelaide Street West, Ground Floor, Toronto, Ontario M5H 1S3 for the purposes set forth in the Notice of Meeting. The Corporation reserves the right to adjourn or postpone the Meeting if considered appropriate by the Board of Directors of the Corporation (the “Board of Directors”).

## **Record Date**

The Board of Directors has established the record date for the Meeting as May 10, 2023 (the “Record Date”). Only Shareholders of record at the close of business on the Record Date will be entitled to notice of the Meeting or any adjournment or postponement thereof, and to vote at the Meeting. No Shareholders becoming Shareholders of record after that time will be entitled to vote at the Meeting, or any adjournment or postponement thereof.

## **Quorum**

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

## **Solicitation of Proxies**

The information contained in this Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of the Corporation to be used at the Meeting and for the purposes set forth in the Notice of Meeting. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally by telephone or other electronic means by management of the Corporation, including its directors and officers. 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.

## **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.sedar.com](http://www.sedar.com). The Corporation has sent a notice-and-access notification and either a form of proxy for Registered Shareholders or a voting instruction form for Non-Registered Shareholders (collectively, the “Notice Package”) to all Shareholders informing them that the Circular is available online, how it may be accessed and how to request a paper copy at no charge. The Corporation has received an exemption under the *Canada Business Corporations Act* (the “Act”) permitting it to use notice-and-access with respect to the delivery of the Circular.

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

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

## Registered Shareholders

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

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

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

### How to Vote in Person

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

### 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 Mark Holbrook or any other person that you want to be your proxyholder. Each Shareholder is entitled to appoint a person other than the individuals named in the form of proxy enclosed in the Notice Package to represent such Shareholder at the Meeting.** Your proxyholder is not required to be another Shareholder. If you want to authorize Dino Bianco or Mark Holbrook as your proxyholder, please leave the line near the top of the form of proxy blank as Dino Bianco and Mark Holbrook’s 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.

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 Mark Holbrook 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](http://www.voteproxyonline.com) not later than 2:00 p.m. (Eastern Time) on June 16, 2023, 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 Mark Holbrook to act as your proxyholder (by leaving the line for the proxyholder’s name blank on the form of proxy), your Common Shares will be voted at the Meeting as follows:**

- FOR the election of each of management’s nominees as directors of the Corporation; and

- FOR the appointment of PricewaterhouseCoopers LLP as auditor and the authorization of the Board of Directors to fix their remuneration.

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

#### How to Change your Vote

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

- completing a proxy form that is dated later than the proxy form you are revoking and mailing it to TSX Trust Company so that it is received before 2:00 p.m. (Eastern Time) on June 16, 2023;
- sending a revocation notice in writing to the Corporate Secretary of the Corporation at its registered office so that it is received at any time up to and including the last business day before the date of the Meeting. The notice can be from the Shareholder or the authorized attorney of such Shareholder; or
- attending the Meeting and providing a revocation notice to the chair of the Meeting before any vote in respect of which the proxy has been given has been taken.

#### **Non-Registered Shareholders**

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

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

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

If you are not sure whether you are a Registered Shareholder or a Non-Registered Shareholder, please contact the Corporation’s transfer agent, TSX Trust Company at 100 Adelaide West, Suite 301, Toronto, Ontario M5H 4H1 or by e-mail at [tsxtis@tmx.com](mailto: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. Broadridge then tabulates the results of all instructions received and provides appropriate instructions representing the voting of Common Shares represented at the Meeting. A Non-Registered Shareholder receiving a voting instruction form cannot use that voting instruction form to vote his or her shares directly at the Meeting. The voting instruction form must be



returned to Broadridge or the Intermediary, if the latter has not delegated this responsibility to Broadridge, well in advance of the Meeting to have the Common Shares voted.

#### How to Vote in Person

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

#### Exercise of Discretion by Proxyholders

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

### **COMMON SHARES AND PRINCIPAL SHAREHOLDERS**

The Corporation's authorized share capital consists of an unlimited number of Common Shares. As of the Record Date, the Corporation had 9,953,658 issued and outstanding Common Shares.

#### **Voting Rights**

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

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

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

#### **Ownership of Common Shares of the Corporation**

As at the Record Date, no person or company owned of record or, to the Corporation's knowledge, beneficially owned, directly or indirectly, or controlled or directed more than 10% of the Common Shares other than (i) Caisse de dépôt et placement du Québec, which to the Corporation's knowledge, owns and controls 1,900,848 Common Shares, representing 19.10% of the issued and outstanding Common Shares, and (ii) 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 86.48% 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, 2022, together with the auditors' report thereon (the "Corporation Financial Statements"), will be submitted at the Meeting, but no vote thereon is required. The Corporation Financial Statements, together with the management's discussion and analysis, are available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

### **Election of Directors**

The Corporation's Articles state that its Board of Directors shall have a minimum of four and a maximum of nine directors. The Board of Directors is currently comprised of four directors (a size which 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 ten 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 Policy**

Amendments to the Act, which came into force on August 31, 2022, establish a majority voting requirement for directors. Specifically, the Act now 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.

The Board determined that these new requirements, which apply to the Corporation, made Corporation's majority voting policy redundant and, therefore, repealed the policy.

### **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 KPI” of the Annual Information Form, which can be viewed on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## **NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS**

### **Description of Proposed Director Nominees**

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

All nominees have established their eligibility and willingness to serve as directors.

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 <sup>(1)(3)(4)</sup> Ontario, Canada	Independent Director (Chair)	October 2020	0	14,774	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 <sup>(1)(3)(4)</sup> Ontario, Canada	Independent Director	June 2014	400	14,721	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)
Louise Denys Wendling Québec, Canada	Director	May 2018	3,000	27,669	Corporate director (January 2015 to present); Country Manager Costco Canada (2001 to May 2014)
John ('Jay') Wright <sup>(1)(2)(3)</sup> Ontario, Canada	Independent Director	March 2023		0	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 Board member and Chair of the audit committee of Andrew Peller Ltd., a reporting issuer. He is also a Board member of GS1 Canada, a not-for-profit organization which manages the barcode standard used by retailers, manufacturers and suppliers. Mr. Vimard 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, MA. 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 Nominating and Governance Committee, the KPI Audit Committee and 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 UK, where from 2013-2021 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 UK 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 2014-2021 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 2009-2012 and from 2001-2008, 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 currently sits on the Board of Directors of Signature Senior Lifestyles.

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

***Louise Denys Wendling***

Louise Denys Wendling is a retired executive with 30 years of retail experience. She began her career in the private sector in 1976 at The Hudson's Bay Company. In 1986, Ms. Denys Wendling and two other colleagues founded Price Club which later merged with Costco Canada in 1993. Ms. Denys Wendling acquired significant experience in various roles in merchandising, operations and strategy including becoming the Country Manager of Costco Canada from 2001 to her retirement in May 2014. Her strong leadership played a critical part in Costco Canada's success.

Ms. Denys Wendling currently sits on the Advisory Board of Kruger and has previously served on the Boards of Costco Canada, Operations Enfants Soleil, the Children's Hospital of Eastern Ontario and the Retail Council of Canada. She is a graduate from the University of Montreal with a BA in English literature and holds an honorary doctorate in Business from the University of Ottawa. Ms. Denys Wendling has received numerous awards throughout her career including: Lifetime Achievement Award in 2016 by the Retail Council of Canada and CEO of the Year in 2012 by the Ottawa Business Journal.

***John ('Jay') Wright***

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 Kruger Products Audit Committee as well as the KPI HR 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 Kruger Products, 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. Louise Denys-Wendling 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. Mark Holbrook, 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, CFO;
- 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.

### *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 (b) 35% based on team objectives which may include cost reduction 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 2022, the percentage used for the corporate financial performance component of the STCIP for KPI’s NEOs was nil and the percentage used for the team objectives for KPI’s NEOs was 67%. The total amount awarded to each NEO under the STCIP is reflected in the Summary Compensation Table below. The amounts awarded reflect a reduction of approximately 54% in the aggregate as compared to amounts that would have been paid on application of the above performance criteria as a result of the Bonus Cap being exceeded.

#### *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 Kruger Products.

For awards prior to Fiscal 2022, the plan was based on the equally-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.

#### *Planned 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 is not completed and as such, no LTIP grants were made in 2022. The revision is expected to be completed in the coming months and the new LTIP will then be communicated to eligible participants. It is expected that:

- Eligibility guidelines will not change.
- Eligible participants will receive grants under the new LTIP to compensate them for a lack of LTIP grants in 2022.
- It will continue to be a 3-year plan.
- The target percentage of awards will remain the same.

Grants outstanding under the current LTIP are and will remain subject to the terms of that LTIP.

Kruger Products does not publicly disclose the specific 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 not be made at all or 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 and ROCE, 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.sedar.com](http://www.sedar.com)).

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 2022 as well as Fiscal 2021 and Fiscal 2020 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 31st, 2022 (the Named Executive Officers or “NEOs”).

YEAR	Salary (\$)	Unit- based Award <sup>(1)</sup> (\$)	Non-equity Incentive Plan Compensation	Pension Value (\$)	All Other <sup>(3,4,5)</sup> Compensation (\$)	Total Compensation (\$)
			STCIP <sup>(2)</sup> (\$)			
<b>Dino Bianco</b>						
<b>Chief Executive Officer</b>						
2022	579,730	0	157,946	130,310		867,986
2021	565,590	540,607	357,530	126,749		1,590,476
2020	552,860	527,421	1,110,360	124,487	200,000	2,515,128
<b>Mark Holbrook</b>						
<b>Chief Financial Officer</b>						
2022	359,038	0	43,889	105,155		508,082
2021	348,150	210,297	94,953	124,416		777,816
2020	339,689	204,668	260,611	97,660		902,628
<b>Michel Mansseau</b>						
<b>Senior Vice President and General Manager, Consumer Business Canada</b>						
2022	426,857	0	52,427	72,400		551,684
2021	413,666	291,690	127,000	74,100		906,456
2020	402,872	283,194	364,107	64,400		1,114,573
<b>Gordon Goss <sup>(6)</sup></b>						
<b>Senior Vice President and General Manager, Consumer Business USA &amp; Mexico</b>						
2022	515,104	0	47,680	113,100		675,884
2021	485,290	293,310	109,166	125,500		1,013,267
2020	505,818	304,758	400,250	86,700		1,297,526
<b>John O'Hara</b>						
<b>Senior Vice President and General Manager, Away From Home Business</b>						
2022	358,308	0	47,255	72,671		478,234
2021	348,718	210,640	88,228	72,379	90,000	809,965
2020	332,608	205,003	261,037	59,432		858,080

- (1) Amounts represent the fair value of PSUs and RSUs (as applicable) at the time of grant in May 2020 and 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 KPI's short term cash incentive plan (STCIP). See "Compensation Components - Annual Bonus."
- (3) Perquisites or other personal benefits which, in the aggregate, are worth \$50,000 or over.
- (4) Dino Bianco received a discretionary bonus of \$200,000 in 2020 to make his compensation package market competitive, considering that his initial awards under the LTIP had not yet vested
- (5) John O'Hara received a retention bonus of \$90,000 in 2021.
- (6) All amounts are earned in USD and translated to CAD at the average exchange rate for the year: 1.3013 for 2022, 1.2535 for 2021, and 1.3415 for 2020

### ***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, 2022.

Name	Share-based awards		
	Number of units that have not vested	Market or Payout value of the PSU and RSU based awards that have not vested <sup>(1)</sup> (\$)	Market or Payout value of vested PSU and RSU based awards not paid out or distributed (\$)
Dino Bianco	43,084	443,155	n/a
Mark Holbrook	16,736	172,150	n/a
Michel Manseau	23,184	238,470	n/a
Gordon Goss <sup>(2)</sup>	18,598	236,413	n/a
John O'Hara	16,765	172,441	n/a

(1) The vesting of the PSUs is subject to certain performance criteria being met. The actual payout value cannot be determined since it is based on future results. The minimum expected payout of the plan including RSUs is shown above.

(2) Amounts are earned in USD and translated to CAD at an average exchange rate of 1.3013

### ***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 2022 and the value of executive performance bonus earned during Fiscal 2022.

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 (\$) <sup>(1)</sup>
Dino Bianco	n/a	879,307	157,946
Mark Holbrook	n/a	341,341	43,889
Michel Manseau	n/a	472,443	52,427
Gordon Goss <sup>(2)</sup>	n/a	493,197	47,680
John O'Hara	n/a	318,375	47,255

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

(2) Amounts are earned in USD and translated to CAD at the average exchange rate of 1.3013

### ***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, 2022, 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, 2021 to December 31, 2022, including the annual cost attributable to compensatory items for the financial year 2022. The method of evaluation and assumptions used to determine the accrued pension obligation at year end are the same as the ones presented in KPLP's financial statements for the financial year ended December 31, 2022.

NAME	NUMBER OF YEARS	ANNUAL BENEFITS PAYABLE		ACCRUED	COMPENSATORY	NON-	ACCRUED
	CREDITED	AT	AT	OBLIGATION AT		COMPENSATORY	OBLIGATION AT
	SERVICE	DECEMBER 31, 2022	AGE 65	START OF YEAR	CHANGE	CHANGE	YEAR END
	#	\$	\$	\$	\$	\$	\$
Mark Holbrook	24.0	82,100	82,100	1,449,700	80,600	-337,800	1,192,500
Michel Manseau	34.2	116,900	175,000	2,706,900	72,400	-624,400	2,154,900
Gordon Goss	31.2	75,400	152,000	2,054,700	113,100	-1,364,800	803,000
John O'Hara	4.8	16,200	24,600	287,400	6,100	-95,400	198,100

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	CHANGE	OBLIGATION AT
	START OF YEAR		YEAR END
	\$	\$	\$
Dino Bianco	562,190	130,310	648,234
Mark Holbrook	110,906	24,555	128,124
John O'Hara	532,239	66,571	534,852

### **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 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 and Louise Denys Wendling 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 2022 cash compensation earned by each of the directors listed below (including those acting in their capacity as directors of the Corporation).

<b>Name</b>	<b>Fees Earned <sup>1</sup></b>	<b>All Other Compensation</b>	<b>Total</b>
François Vimard .....	\$91,250	---	\$91,250
James Hardy .....	\$91,250	---	\$91,250
Michel Letellier .....	\$71,250	---	\$71,250
Louise Wendling .....	\$61,750		\$61,750
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

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<sup>1</sup> Represents the director's retainer, any chair and committee membership fees and meeting attendance fees using the 2021 fee schedule.

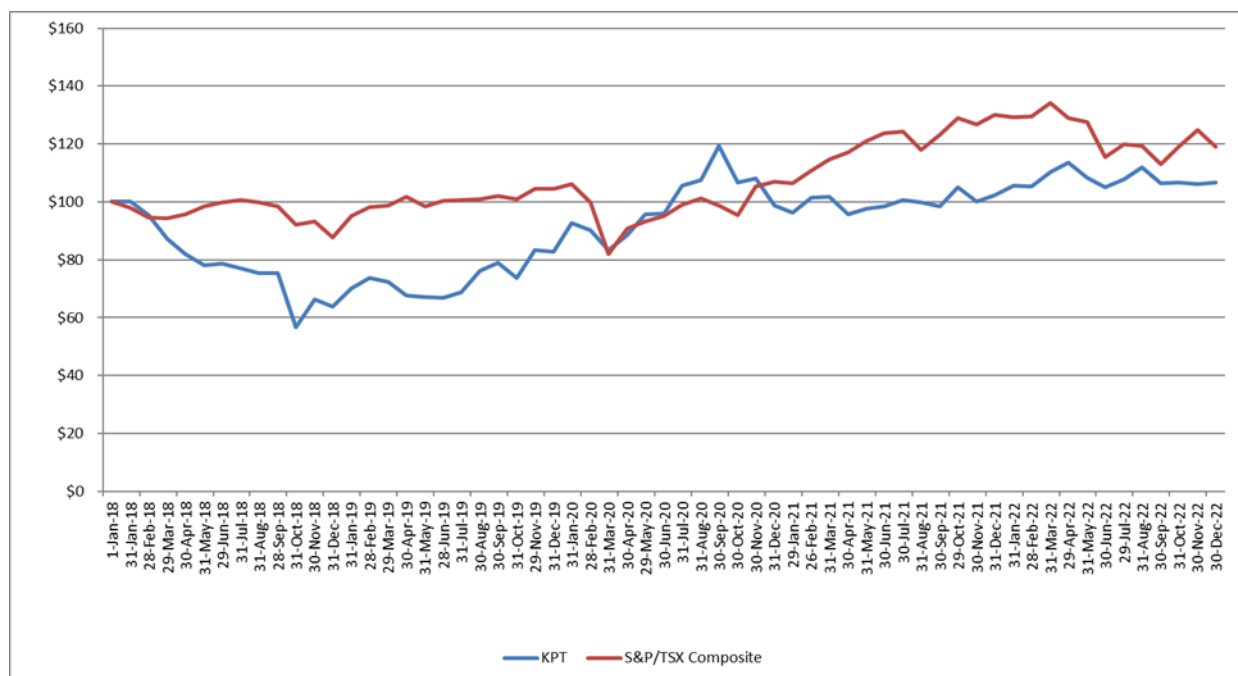
## Minimum Shareholding Requirement for Directors

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 2022, with the exception of Jay Wright who was appointed on March 9, 2023.

### *Performance Graph*

The following graph shows, as at December 31, 2022, the cumulative total shareholder return on a \$100 investment as at January 1, 2018 (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, 2022. No incremental payments, payables or benefits would be triggered for the other NEOs in such circumstances.

Name	Salary (\$)	STCIP (\$)	LTIP (\$) <sup>(1)</sup>	Total at Termination (\$)	Change of Control <sup>(2)</sup> (\$)
Dino Bianco	\$579,730	\$579,730	N/A	\$1,159,460	\$579,730

(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 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 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 Board, be reasonably expected to interfere with a director's independent judgment. Louise Denys-Wendling is deemed not to be independent because she is part of the Advisory Board 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 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 "B".

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.sedar.com](http://www.sedar.com).

## **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 2022 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 — 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 2022 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, available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## **Auditors' Fees**

Details with respect to external auditor fees for past services can be found in the section "Audit Committee Information Regarding the Corporation" of the Annual Information Form, which can be viewed on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## **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. Kruger, as holder of 86.48% of the outstanding units 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 Annual Information Form, which section is incorporated by reference herein (and available on the SEDAR website at [www.sedar.com](http://www.sedar.com)).

## **Independence of KPI Board**

The KPI Board is comprised of ten 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, David Spraley and Louise Denys Wendling, 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) (or in the case of Louise Denys Wendling is part of the Advisory Board of Kruger) (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.sedar.com](http://www.sedar.com)).

## **Mandate of KPI Board**

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

The KP 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 Joseph Kruger II, who is not an independent director within the meaning of NI 52-110. The Chairman of the Board assumes principal responsibility for the operation and functioning of the Board. The 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 are two women 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 Kruger Products. 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.sedar.com](http://www.sedar.com). The KPI Audit Committee meets at least four times annually to fulfill its mandate. The KPI Audit Committee met four (4) times in Fiscal 2022 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, which can be viewed on the SEDAR website at [www.sedar.com](http://www.sedar.com).

### **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 four times in Fiscal 2022 and each KPI director was in attendance at each meeting with the exception of David Angel and Sarah Kruger at the Q4 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 2024 during the period beginning on January 22nd, 2024 and ending on Friday, March 22nd, 2024.

## **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](mailto:tsxtis@tmx.com) should you have any questions regarding voting of your Shares.

The Corporation Financial Statements, the audited consolidated financial statements of KPLP, together with the auditors' report thereon, as well as any interim financial statements of the Corporation and KPLP for periods subsequent to the end of Fiscal 2022, the Annual Information Form, the MD&A and this Circular are available free of charge on the SEDAR website at [www.sedar.com](http://www.sedar.com) 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 5<sup>th</sup> day of May 2023.

(Signed) François Paroyan  
General Counsel and Corporate Secretary

## APPENDIX A

### GLOSSARY OF TERMS

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

“**Adjusted EBITDA**” means net income (loss) before (i) interest expense, (ii) income taxes, (iii) depreciation, (iv) amortization, (v) impairment (gain on sale) of non-financial assets, (vi) loss (gain) on disposal of property, plant and equipment, (vii) unrealized foreign exchange loss (gain), (viii) costs related to restructuring activities, (ix) changes in the amortized cost of Partnership units liability, and (x) change in fair value of derivatives, (xi) consulting costs related to operational transformation initiatives, (xii) corporate development related costs and (xiii) loss (gain) on sale of shares.

“**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 9, 2023.

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

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

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

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

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

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

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

“**Charter of the 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 2022**” means the fiscal year ended December 31, 2022.

“**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.

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

“**MD&A**” means the Management’s Discussion and Analysis for the Corporation and KPLP for Fiscal 2022.

“**Meeting**” means the annual meeting of Shareholders to be held on June 20, 2023 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 May 10, 2023.

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

“**Reorganization**” has the meaning attributed to it under “About the Corporation and Kruger Products Inc. – Corporate Reorganization”

“**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 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.