



KP TISSUE INC.

NOMINATING AND GOVERNANCE COMMITTEE CHARTER

1. PURPOSE

The Nominating and Governance Committee (the “**Committee**”) is appointed by the board of directors (the “**Board**”) of KP Tissue Inc. (the “**Corporation**”) to assist the Board in carrying out its responsibilities by identifying and recommending candidates for election or appointment to the Board, overseeing and assessing the functioning of the Board and the committees of the Board, and developing and recommending to the Board effective corporate governance principles for the Corporation.

2. COMMITTEE MEMBERSHIP

- 2.1 The Committee shall consist of no fewer than three members. All members of the Committee shall be independent as defined by National Instrument 58-101 — Disclosure of Corporate Governance Practices and applicable stock exchange rules.
- 2.2 The Board shall appoint the members of the Committee. Committee members shall be appointed to serve as members of the Committee until the close of the next annual meeting of shareholders of the Corporation, but may be removed or replaced at any time by the Board and shall, in any event, cease to be a member of the Committee upon ceasing to be a member of the Board. Where a vacancy occurs at any time in the membership of the Committee, the Board may fill it.
- 2.3 The Board, upon the recommendation of the Committee, shall appoint the Chair of the Committee. If the Chair of the Committee is not present at a meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by a majority of the members of the Committee present at the meeting to preside over the meeting.

3. MEETINGS

- 3.1 The Committee shall meet as often as it determines, but not less frequently than annually. Committee meetings may, by agreement of the Chair of the Committee, be held in person, by video conference, by means of telephone or by a combination of any of the foregoing. The Committee may request any officer or employee of the Corporation or the Corporation’s outside counsel to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.
- 3.2 A majority of Committee members, present in person, by video conference, by telephone or by a combination thereof, shall constitute a quorum. Subject to the foregoing, applicable law and the Corporation’s by-laws, and unless otherwise determined by the Board, the Committee shall have the power to modify its quorum requirements and to regulate its procedures.
- 3.3 The Committee shall appoint a secretary to be the secretary of all meetings of the Committee and to maintain minutes of all meetings and deliberations of the Committee.
- 3.4 Matters decided by the Committee shall be decided by a majority vote, or, if there are only two members on the Committee, the vote shall be unanimous.
- 3.5 The Committee shall periodically, but at least annually, report to the Board on its proceedings, reviews undertaken and any associated recommendations.

4. AUTHORITY AND RESPONSIBILITIES

Board Composition. The Committee shall review and report to the Board on matters pertaining to composition of the Board and Board committees and in so doing will:

- 4.1 consider from time to time the appropriate size, composition and profile of the Board and committees thereof, and submit related recommendations for Board consideration and decision;
- 4.2 identify and recommend new directors with appropriate skills to the Board, considering in respect of each potential nominee:
 - (a) his or her independence;
 - (b) his or her experience and background;
 - (c) his or her skill set relative to the balance of skills required by the Board and its committees;
 - (d) applicable regulatory requirements; and
 - (e) such other criteria as may be established by the Board or the Committee from time to time.
- 4.3 consider whether each new nominee can devote sufficient time and resources to his or her duties as a member of the Board;
- 4.4 submit to the Board for consideration and decision, the names of persons to be nominated for election as directors at the next annual meeting of shareholders, or to be appointed to fill vacancies between annual meetings;
- 4.5 consider the past performance of directors being considered for re-election to the Board.
- 4.6 have sole authority to retain and terminate any search firm to be used to identify director candidates, including sole authority to approve the search firm's fees and other retention terms.
- 4.7 through the Chair of the Board, approach and secure confirmation of consent to act from persons approved by the Board either for appointment to the Board to fill vacancies or for nomination at the annual meeting.

Governance Matters. The Committee is responsible for reviewing at least annually the Corporation's approach to corporate governance issues to ensure that it is effective and efficient and enables the business and affairs of the Corporation to be carried out, directed and managed with the objective of enhancing the Corporation's shareholder value and shall recommend revisions to the Corporation's corporate governance policies and guidelines accordingly. The Committee shall:

- 4.8 monitor the Corporation's governance practices against best practices for comparable organizations;
- 4.9 prepare, review and recommend for Board approval, disclosure relating to the Corporation's corporate governance principles and guidelines;
- 4.10 considering and, as appropriate, recommending to the Board policies or any amendments thereto outlining the criteria for tenure of directors, diversity and the majority voting policy for the election of directors to the Board;

- 4.11 verify annually the compliance with any share ownership policy for Board members and members of the senior management team;
- 4.12 make recommendations to the Board respecting the adoption of a Board policy limiting the number of boards on which directors may sit;
- 4.13 oversee a process for assessing the performance and effectiveness of the Board and its committees;
- 4.14 review periodically the competencies, skills and personal qualities of each existing director, and the contributions made by the director to the effective operation of the Board and review any significant change in the primary occupation of the director;
- 4.15 oversee an orientation program to familiarize new directors with the Corporation's business and relationship with Kruger Products L.P.; and
- 4.16 monitoring and reviewing the compensation of directors to ensure that it is both appropriate to the responsibilities and risks assumed and competitive with other comparable organizations.

5. MISCELLANEOUS

The Committee will:

- (a) perform such other functions as required by law, the Corporation's articles or by-laws, or the Board;
- (b) review and reassess the adequacy of this mandate annually; and
- (c) have its performance evaluated annually by the Board.