KP TISSUE INC.

ANNUAL INFORMATION FORM

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

MARCH 30, 2020

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EXPLANATORY NOTES

Unless otherwise noted or the context otherwise indicates, the “Corporation”, “we”, “us” and “our” refer to KP Tissue Inc.

Unless otherwise indicated or the context otherwise requires, “KPLP” refers to Kruger Products L.P. and its subsidiaries and their respective predecessors.

Unless otherwise indicated or the context otherwise requires, “KPGP” refers to KPGP Inc. and its predecessors.

Unless otherwise indicated or the context otherwise requires, “KTG” refers to K.T.G. (USA) Inc. and its predecessors.

Unless otherwise indicated or the context otherwise requires, “KPSI” refers to Kruger Products Sherbrooke Inc. and its predecessors.

Unless otherwise indicated or the context otherwise requires, “Kruger” refers to Kruger Inc., which is a party to certain material agreements of the Corporation (see “Material Contracts — Material Contracts of the Corporation”).

Certain capitalized terms and phrases used in this Annual Information Form are defined in the “Glossary of Terms” beginning on page 67.

Forward-Looking Statements

Certain statements in this Annual Information Form about the Corporation’s and KPLP's current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. Forward-looking statements in this Annual Information Form include, but are not limited to, statements regarding the projected capacity of the TAD Sherbrooke Project, the anticipated benefits of the TAD Sherbrooke Project and the expected dates for commencement of construction and production of the TAD Sherbrooke Project. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements. The forward-looking statements are based on certain key expectations and assumptions made by the Corporation or KPLP. Although the Corporation and KPLP believe that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking statements since no assurance can be given that such expectations and assumptions will prove to be correct.

Many factors could cause the Corporation’s actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, which are discussed in greater detail in the “Risk Factors — Risks Related to the Corporation” section of this Annual Information Form: dependence on underlying performance of KPLP; volatile market price for Common Shares; dependence on cash distributions by KPLP; Kruger’s exchange of KPLP Units for Common Shares and future sales of Common Shares by Kruger; illiquid market for KPLP Units; limited rights of the Corporation with respect to the management of KPLP; Kruger’s rights relating to certain actions of the Corporation and Director Nomination Right; KPGP can require the Corporation to undertake certain corporate actions; Kruger’s Drag-Along Right; loss of rights under the Limited Partnership Agreement; reliance on administrative services provided by KPLP; risk of dilution in KPLP; dilution due to Corporation DRIP; inability to comply with continuous disclosure requirements; realization of larger capital gain (or smaller capital loss) upon disposition of KPLP Units acquired pursuant to Exchange Agreement; and business conflicts of interest. Many factors could cause KPLP’s actual results, level of activity, performance or achievements or future events or developments (which could in turn affect the economic benefits derived from the Corporation’s economic interest in KPLP) to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, which are discussed in greater detail in the “Risk Factors — Risks Related to KPLP’s Business” section of this Annual Information Form: Kruger's influence over KPLP; KPLP's reliance on Kruger; consequences of an event of insolvency relating to Kruger; risks associated with the TAD Sherbrooke Project; operational risks; significant increases in input costs; reduction in supply of fibre; increased pricing pressure and intense competition; KPLP's inability to innovate effectively; adverse economic conditions; dependence on key retail trade customers; damage to the reputation of KPLP or KPLP's brands; KPLP's sales being less than anticipated; KPLP's failure to implement its business and operating strategies; KPLP's obligation to make regular capital expenditures; KPLP's entering into unsuccessful acquisitions; KPLP's dependence on key personnel; KPLP's inability to retain its existing customers or obtain new customers; KPLP's loss of key suppliers; KPLP's failure to adequately protect its intellectual property rights; KPLP's reliance on third party intellectual property licenses; adverse litigation and other claims affecting KPLP; material expenditures due to comprehensive environmental regulation affecting KPLP's cash flow; KPLP's pension obligations are significant and can be materially higher than predicted if KPLP Management's underlying assumptions are incorrect; labour disputes adversely affecting KPLP's cost structure and KPLP's ability to run its plants; exchange rate and U.S. competitors; KPLP's inability to service all of its indebtedness; exposure to potential consumer product liability; covenant compliance; interest rate and refinancing risk; information technology; cyber-security; insurance; internal controls; trade related risks; and risks related to COVID-19.

These factors are not intended to represent a complete list of the factors that could affect the Corporation and/or KPLP; however, these factors should be considered carefully, and readers should not place undue reliance on forward-looking statements made herein or in the documents reproduced herein. The Corporation and KPLP cannot guarantee future results, levels of activity, performance, or achievements. Moreover, the Corporation and KPLP do not assume responsibility for the accuracy and completeness of the forward-looking information. The Corporation's and/or KPLP's actual results, performance or achievements could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits that Corporation and/or KPLP will derive therefrom.

The forward-looking information contained herein is made as of the date of this Annual Information Form and the Corporation and KPLP disclaim any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless required by applicable law.

Market and Industry Data

The data included in this Annual Information Form regarding markets and rankings, including the size of product markets and KPLP's relative position and the position of its competitors within these markets, are based on independent industry publications, including ACNielsen and Resource Information Systems Inc. (RISI) or other published industry sources. In Canada, ACNielsen market share and market size data represents all traditional retail channels and is based on an extrapolation from a sample of retail scan and household panel data. In the United States, both ACNielsen market share and market size estimates are also based on an extrapolation from a sample of retail scan and household panel data, however, in contrast to Canadian ACNielsen market share data, United States ACNielsen market share data excludes Costco, which represents a significant portion of the United States tissue market. In order to present United States market size data on an all retail channel basis inclusive of Costco, KPLP Management obtained and independently aggregated ACNielsen channel data (excluding Costco) and used KPLP Management's estimate for Costco data 2019 (due to the lack of availability of ACNielsen Costco data prior to publishing). As a result of the various methodologies applied in extrapolating market share and market size data, estimates based on this data may not be precise. The accuracy and completeness of information in the independent industry publications cited in this Annual Information Form is not guaranteed, has not been independently verified by the Corporation, KPLP, or Kruger and none of the Corporation, KPLP, or Kruger make any representation as to the accuracy of such information.

Certain data is also based on KPLP Management's good faith estimates that are derived from KPLP Management's review of internal data, as well as information obtained from customers, trade and business organizations and other contacts in the market in which it operates, as well as KPLP Management's overall knowledge and experience. KPLP believes this data to be reasonable estimates as of the date of this Annual Information Form, unless a prior date is indicated or if there is a reference to historical data. However, this information may prove to be inaccurate because of the method by which KPLP obtained some of the data for its estimates or because this information cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in a survey of market size.

Trademarks, Tradenames and Service Marks

This Annual Information Form includes trademarks, such as Cashmere®, Embassy®, Esteem®, Purex®, Scotties®, Soft & Pure Premium®, SpongeTowels®, White Cloud® White Swan®, Satinelle®, and Chalet, which are protected under applicable intellectual property laws and are the property of KPLP or its licensors. Solely for convenience, our trademarks and tradenames referred to in this Annual Information Form may appear without the ® symbol, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks and tradenames. See "The Business of KPLP — Intellectual Property". All other trademarks used in this Annual Information Form are the property of their respective owners.

CORPORATE STRUCTURE

KP Tissue Inc.

Incorporation, Articles and Address

KP Tissue Inc. was incorporated under the Canada Business Corporations Act on October 1, 2012. The articles of the Corporation have been amended as follows: (i) on October 23, 2012, to adopt "Papiers Tissu KP Inc." as the French version of its name and (ii) on December 11, 2012, (A) to fix the number of directors of the Corporation at a minimum of four and a maximum of nine, (B) to restrict the business of the Corporation to the investment in, holding of and disposition of limited partnership interests, shares or other securities of KPLP and KPGP (or successors thereof), or assets, liabilities and operations of such entities, and all activities reasonably related, incidental or ancillary to any of the foregoing, and (C) to provide for certain redemption rights relating to compliance with the United States Investment Company Act of 1940, as amended (specifically, to allow the Corporation to redeem the Common Shares of any shareholder that does not, upon request, certify that it is not a U.S. Person (as such term is defined in Rule 902 under the United States Common Shares Act of 1933, as amended) or, if it is a U.S. Person, that is a "qualified purchaser" (as such term is defined in Section 2(a)(51) of the United States Investment Company Act of 1940, as amended).

The Corporation's registered and head office is located at Suite 200, 1900 Minnesota Court, Mississauga, Ontario, L5N 5R5.

Interest in KPLP, Continuous Disclosure and Insider Reporting Obligations

The Corporation holds a limited partnership interest in KPLP. The Corporation, a reporting issuer in all provinces and territories of Canada, has provided the securities regulatory authorities in Canada an undertaking to the effect that, as long as its interest in KPLP (including any of its significant business interests) represents a significant asset of the Corporation:

(a) in complying with its continuous disclosure obligations as a reporting issuer, the Corporation will treat KPLP as a subsidiary, except that KPLP's financial information will not be consolidated with that of the Corporation but rather the Corporation will provide to its shareholders, along with its own audited annual financial statements and quarterly financial statements, the separate audited annual financial statements and quarterly financial statements of KPLP prepared in accordance with IFRS and certified in accordance with National Instrument 52- 109 – *Certification of Disclosure in Issuer's Annual and Interim Filings* as if KPLP was a non-venture issuer, as well as KPLP's related management's discussion and analysis, prepared in accordance with National Instrument 51-102 – *Continuous Disclosure Obligations* or its successor (including information about any of KPLP's significant business interests);

(b) the Corporation will take appropriate measures to require each person who would be a reporting insider of KPLP or a person or company in a special relationship with KPLP if KPLP were a reporting issuer to (i) file insider reports about trades in Common Shares (including securities which are exchangeable into Common Shares), and (ii) comply with statutory prohibitions against insider trading; and

(c) the Corporation will annually certify that it has complied with this undertaking and file a certificate on SEDAR concurrently with the filing of its annual financial statements.

KPLP

Name, Registration and Address

KPLP is a limited partnership governed by the laws of Québec pursuant to an amended and restated limited partnership agreement dated as of December 13, 2012 between KPGP, as general partner, and Kruger, and the Corporation.

KPLP's principal place of business is located at Suite 200, 1900 Minnesota Court, Mississauga, Ontario, L5N 5R5.

Partners of KPLP

General Partner of KPLP

KPGP, the general partner of KPLP, is a corporation incorporated under the *Canada Business Corporations Act* by articles of incorporation dated May 8, 2012. The articles of KPGP were amended as follows: (i) On August 22, 2012, to change its name from Kruger Products G.P. II Inc. to KPGP Inc., (ii) on December 11, 2012, to fix the number of directors of KPGP at nine and (iii) on March 18, 2020 to fix the number of directors of KPGP at ten.

KPGP's principal place of business is located at 3285 Bedford Road, Montreal, Quebec, H3S 1G5.

Special Partners of KPLP

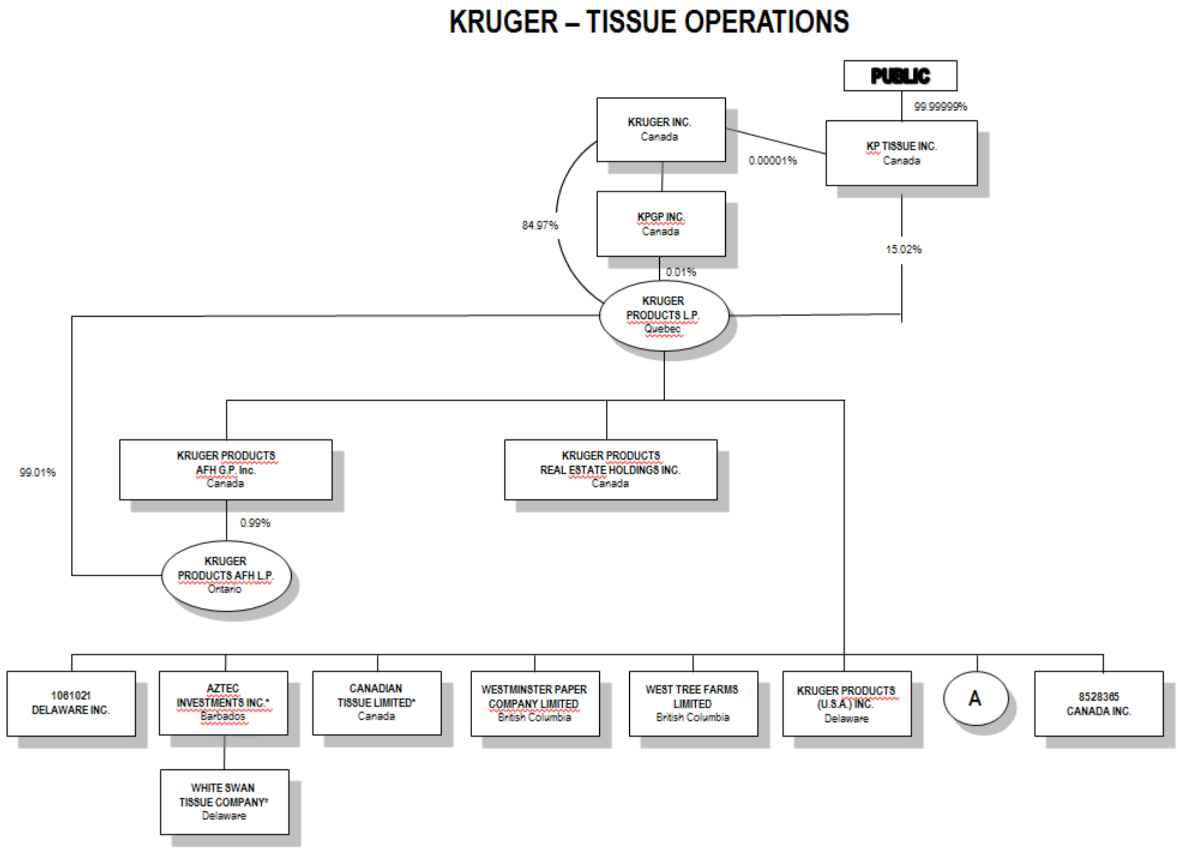
The Corporation and Kruger are the special partners of KPLP. As of March 13, 2020, the Corporation held KPLP Units representing 15.0% of the outstanding KPLP Units, Kruger held KPLP Units representing 85.0% of the outstanding KPLP Units and KPGP held KPLP Units representing less than 0.01% out of the outstanding KPLP Units.

Kruger

KPGP is wholly-owned by Kruger. Kruger is a private company founded in 1904 and controlled by Joseph Kruger II. Kruger is a diversified industrial holding company which directly and through various subsidiaries has operating facilities in Canada (Québec, Ontario, British Columbia and Newfoundland and Labrador) and the United States.

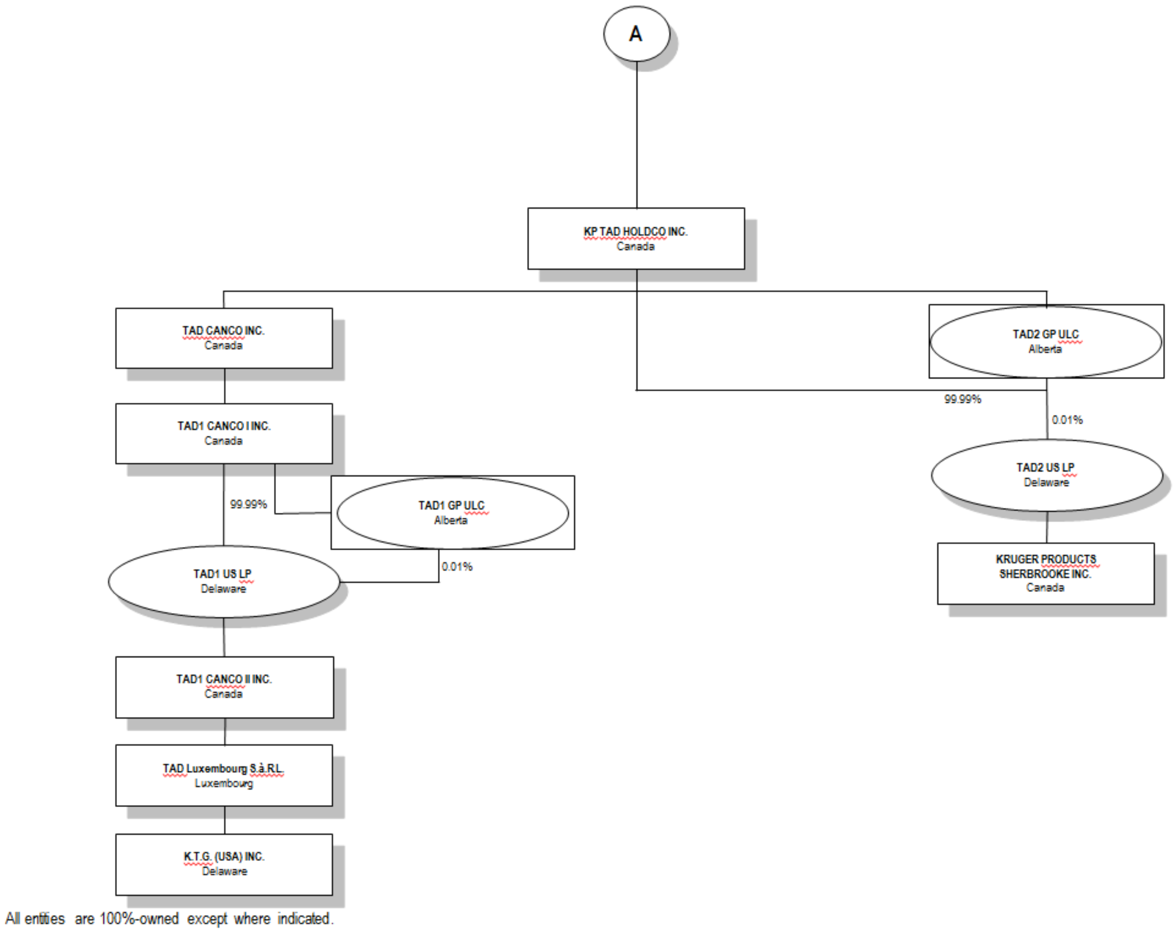
Intercorporate Relationships

The following organizational chart illustrates the intercorporate relationships of the Corporation, Kruger, and KPLP and its subsidiaries, together with the jurisdiction of incorporation or formation of each such entity.



All entities are 100%-owned except where indicated. An asterisk (*) indicates dormant.

KRUGER – TISSUE OPERATIONS (continuation)



GENERAL DEVELOPMENT OF THE BUSINESS

Three-Year History of KPLP

<u>2017</u>

Changes in Management

On December 21, 2017, KPLP announced that Mr. Mario Gosselin decided to retire from his position as Chief Executive Officer of the Corporation and KPLP as of March 8, 2018, and that Mr. Dino Bianco would succeed him.

<u>2018</u>

Senior Unsecured Note Financing

On April 24, 2018, KPLP announced that it had closed an issuance of $125 million principal amount of 6.00% Senior Unsecured Notes due April 24, 2025 by way of private placement. Interest on the notes is payable semi-annually in arrears on April 24th and October 24th of each year, which payments commenced on October 24, 2018. KPLP used the net proceeds of the financing to reduce the outstanding balance under the Senior Credit Facility and to pay transaction costs associated with the offering. See “Material Contracts – Material Contracts of KPLP – Senior Unsecured Notes Indenture”.

TAD Sherbrooke Project

On August 16, 2018, KPLP announced its plan for a capital investment of $575 million in the Brompton area of Sherbrooke, Quebec, to build a new, state-of-the-art tissue plant featuring Canada's largest and most modern TAD paper machine along with related converting equipment and infrastructure (the TAD Sherbrooke Project). The TAD Sherbrooke Project is forecasted to produce at maturity approximately 70,000 metric tonnes per annum of bathroom tissue and paper towels which will enable KPLP to increase its offering of ultra-premium and innovative tissue projects under the Cashmere, Sponge Towels and Purex brands and also enable expansion in the U.S. private label business. Construction of the new site has commenced and production is expected to start in early 2021.

Financing of the TAD Sherbrooke Project

On November 19, 2018, KPLP announced that it had closed financing transactions to fund the TAD Sherbrooke Project. The financings include the TAD Sherbrooke Project Facility, the KTG Facility, the IQ Debenture and the Nordea2 Credit Facility, as well as a $50 million factoring facility made available to KPLP under a receivables purchase agreement with The Bank of Nova Scotia. KPLP will use funds from the Nordea2 Credit Facility and the factoring facility as well as cash on hand to fund a $125 million equity investment in KPSI, with half of such investment having occurred upon the closing of the financings and the remainder to be funded over the following two years. Funds from the KTG Facility were used to refinance existing indebtedness of TAD Canco Inc. incurred for the TAD1 project under a credit agreement with Caisse de dépôt et placement du Québec. The TAD Sherbrooke Project Facility and the KTG Facility are both non-recourse to KPLP. In connection with the financings, the Senior Credit Facility and the Nordea Credit Facility were amended to, amongst other things, amend certain covenants to increase the amount of permitted debt for borrowed money. See "Material Contracts – Material Contracts of KPLP – AgCredit Agreement" – Nordea2 Credit Agreement" and – IQ Debenture".

2019

Financing Activity

On September 19, 2019, KPLP entered into a second supplemental credit agreement to the Senior Credit Facility. The maturity date of the Senior Credit Facility was amended to September 19, 2023. The Senior Credit Facility was increased to $250.0 million from $200.0 million and the covenants were amended to allow more flexibility. In connection with these amendments, Kruger Inc. agreed to increase its participation in the KPLP DRIP from 75% to 100% until December 31, 2020.

Sale of Share Interest in Grupo Tissue de Mexico

On September 20, 2019, KPLP sold its share interest in Grupo Tissue de Mexico, S de RL de CV (GTM) for net proceeds of US$5.1 million. KPLP received partial proceeds of US$4.4 million during the year ended December 31, 2019, and the remainder was received in January 2020. The sale resulted in a loss of $0.6 million, comprised primarily of a cumulative translation adjustment.

Extension of Gatineau Plant Land Lease

KPLP leases the land where the Laurier tissue plant is located in Gatineau under a long-term lease expiring in 2028. The National Capital Commission (NCC), a Crown corporation of the Government of Canada, is the owner of the land. During the year ended December 31, 2019, KPLP entered into a new land lease with the NCC for its Gatineau Plant that commences in March 2028 and permits KPLP to secure the site until March 2053.

TAD Sherbrooke Project

On May 13, 2019, KPLP announced the official ground breaking ceremony for the TAD Sherbrooke Project. The TAD Sherbrooke Project remains on schedule and on budget and production is expected to start in early 2021.

2020

Surge in Tissue Demand & Deemed Essential Service

On March 27, 2020, KPLP announced that it has been ramping up production across its networks to meet the increased demand for tissue from its customers and consumers. KPLP has increased and expedited deliveries to retailers to get its product on the retail shelf as quickly as possible. KPLP was also deemed an essential service allowing it to operate its facilities as normal during the COVID-19 pandemic. KPLP also announced that it was increasing hygiene procedures, physical distancing, self-quarantine mandates and work from home protocols aligned to government and health authority direction.

THE BUSINESS OF THE CORPORATION

Pursuant to the Articles of the Corporation, the Corporation's business is limited to (i) the investment in, holding of and disposition of limited partnership interests, units, shares or other securities of KPLP and KPGP (or any successor entity of either KPLP or KPGP), (ii) the acquisition of, holding, operation and disposition of any assets, liabilities, operations or business of such entities, and (iii) all activities related, incidental or ancillary to any of the foregoing. As of March 13, 2020 the Corporation held KPLP Units representing 15.0% of the outstanding KPLP Units.

The Corporation is a party to certain agreements that govern its relationship with KPLP and Kruger, namely, (i) an amended and restated limited partnership agreement among KPLP, KPGP, as general partner, and Kruger and the Corporation, as limited partners (the Limited Partnership Agreement), (ii) an administration agreement between KPLP and the Corporation setting out the services to be provided by KPLP to support the business of the Corporation in relation to its investment in KPLP and its operation as a public company (the Administration Agreement), (iii) an exchange agreement among Kruger, the Corporation and KPLP setting out, among other things, the rights of Kruger to exchange, from time to time, its KPLP Units for newly issued Common Shares (the Exchange Agreement), (iv) a non-competition agreement among Kruger, KPLP, Joseph Kruger II and the Corporation setting out the obligations of Kruger and its affiliates not to carry on or invest in any business that is competitive with the tissue business of KPLP anywhere within the restricted territory (the Non-Competition Agreement), and (v) a registration rights agreement between Kruger and the Corporation (the Registration Rights Agreement). Certain key provisions of each of these agreements are summarized under "Material Contracts — Material Contracts of the Corporation".

THE BUSINESS OF KPLP

Overview

The Canadian and U.S. tissue industries are comprised of two major markets: (i) the consumer market, which consists of the supply of products such as bathroom tissue, facial tissue, paper towels and napkins to end-consumers through traditional retail channels such as grocery stores, mass merchandisers, club stores, drug stores and convenience stores; and (ii) the away-from-home market (AFH), which consists primarily of the supply of bathroom tissue, facial tissue, paper towels and napkins to commercial users in a variety of industries such as food services, property management, healthcare, manufacturing, education and lodging.

KPLP is Canada's leading tissue products supplier by overall dollar and volume market share. It produces, distributes, markets and sells a wide range of disposable tissue products, including bathroom tissue, facial tissue, paper towels and napkins, for both the consumer and the AFH markets. While its principal focus is on the Canadian consumer-branded tissue products market, KPLP is also a leader in the Canadian AFH market and has a considerable presence in the U.S. private label tissue market.

KPLP is headquartered in Mississauga, Ontario and has approximately 2,500 employees across Canada and the United States. KPLP operates a total of eight FSC® COC-certified (FSC® C104904) production facilities, including five plants, four of which are located in Canada and one in the U.S. Three of the production facilities are converting only. KPLP's Canadian paper manufacturing facilities, consisting of three tissue plants in Québec and one plant in British Columbia, have a combined annual tissue production capacity of approximately 273,500 metric tonnes which, according to RISI data, represents approximately one-third of Canada's annual production capacity. KPLP's

Memphis Plant, held through KTG, a wholly-owned subsidiary, consists of two conventional light dry crepe paper machines with an aggregate annual capacity of 55,000 metric tonnes (the "Initial Memphis Operations"), and one adjacent 55,000 metric tonne state-of-the-art TAD tissue machine (the "Memphis TAD Machine").

Markets and Competitive Conditions

KPLP operates in intensely competitive markets and KPLP products compete against well-known branded and private label products from large multinational manufacturers.

North American consumer tissue is a mature industry that has exhibited stable underlying demand, largely due to the non-discretionary nature of the products sold. Demand tends to be primarily supported by overall population growth and high rates of household penetration. There are high barriers to entry, which reduces the threat of new entrants. Finally, there are limited substitutes for tissue products. KPLP management believes that these factors drive the relative stability of sales and profitability in the tissue market.

According to ACNielsen data, total Canadian consumer tissue retail sales, excluding napkins, were approximately $1.8 billion in 2019. The Canadian consumer tissue market is relatively concentrated and dominated by five suppliers, namely KPLP, Irving, Procter & Gamble ("P&G"), Kimberly-Clark and Cascades. Their products are sold either as brands or as retailer private labels.

According to ACNielsen data and KPLP estimates, total U.S. consumer tissue retail sales, excluding napkins, were approximately US$18.8 billion in 2019. The U.S. consumer tissue market is concentrated and dominated by Georgia-Pacific, P&G and Kimberly-Clark.

The private label portion of the U.S. tissue market continues to grow. The main private label product manufacturers in the U.S. include KPLP, Clearwater Paper, Cascades, First Quality, Georgia-Pacific and Kimberly-Clark.

The North American AFH tissue market is comprised of all tissue products used outside of the home, including tissue products sold directly to commercial customers, general or specialized distributors and wholesalers and building services contractors. Distributors resell tissue products bundled with other merchandise to end-users, such as commercial office buildings, hotels, restaurants, hospitals, schools and other operators of public facilities. According to RISI and KPLP Management estimates, the AFH market business represents approximately 30% of all North American tissue products consumption. In Canada, the AFH business is relatively concentrated amongst four participants: KPLP, Kimberly-Clark, Cascades and SCA.

Competitive Position

KPLP is Canada's leading tissue product supplier by dollar market share. Highlights of KPLP's market leadership in tissue product supply are as follows:

- KPLP has held the number one dollar market share position in the consumer bathroom tissue category since 2000, the number one dollar market share position in the consumer facial tissue category since 2005 and the number two dollar market share position in the paper towel category since 2004 (ACNielsen data);

- Cashmere is the number one consumer bathroom tissue brand in Canada and Purex is the number one consumer brand in Western Canada, while Scotties and SpongeTowels are the number one and number two brands in Canada by dollar market share in the facial tissue and paper towel categories, respectively (ACNielsen data);

- KPLP Management believes that KPLP was one of the leaders in the Canadian AFH business in 2019.

KPLP Brands & Products

Canadian Consumer Business

KPLP is the leading tissue manufacturer in Canada with strong market share positions across all major consumer tissue product categories (bathroom tissue, facial tissue, paper towels and napkins).

In the Canadian consumer business, KPLP primarily sells branded products. These products are marketed under a number of trademarks, including *Cashmere*, *Purex*, *Scotties*, and *SpongeTowels*, all of which are owned by KPLP except for *Scotties*, which is under long-term license from Kimberly-Clark for use in Canada on a royalty-free basis.

According to ACNielsen data for the 52-week period ended December 28, 2019, KPLP is the leader in the consumer bathroom tissue category with a 33.2% dollar market share in Canada (Irving Consumer Products accounts for the second largest share of the market at 19.0%). KPLP's brands within this category include *Cashmere*, *Purex*, and *Soft & Pure Premium*. *Cashmere* is the leading bathroom tissue brand nationally (with its distribution focused on Eastern Canada), while *Purex* is the number one bathroom tissue in Western Canada.

According to ACNielsen data for the 52-week period ended December 28, 2019, KPLP is the leader in the consumer facial tissue category with a 31.5% dollar market share in Canada (Irving Consumer Products accounts for the second largest share of the market at 19.2%). KPLP's key brand within this category is *Scotties*, which is Canada's number one facial tissue brand.

According to ACNielsen data for the 52-week period ended December 28, 2019, KPLP had the second largest dollar market share in the consumer paper towel category with a 20.6% dollar market share in Canada (P&G accounts for the largest share of the market at 33.3%). KPLP's key brand within this category is *SpongeTowels.*

U.S. Consumer Business

KPLP sells both branded and private label tissue products to customers in the United States, primarily at the premium quality level. The U.S. private label business has grown substantially in the last 17 years, and KPLP has had relationships with key U.S. retailers. In addition, the *White Cloud* brand, acquired by KPLP in 2000, is also sold in the U.S. in bathroom tissue, paper towel and facial tissue products. TAD bathroom tissue and towel products are a key component of KPLP's strategy of growing its sales in the U.S. market, as TAD products are increasing in demand and allow KPLP to provide the highest level of quality to major U.S. retailers.

Away-From-Home Business

AFH brands include *Purex*, *Esteem*, *White Swan*, *Embassy*, and *Chalet*. According to KPLP Management estimates, KPLP is one of the leaders in AFH in Canada. KPLP's AFH business plays an important role in increasing capacity utilization and spreading the impact of fixed costs through its manufacturing facilities. According to KPLP Management, the AFH market tends to be more price sensitive than the consumer market. It covers a large and diverse base of customers. KPLP also has presence in the U.S. AFH market, supplied primarily from Canada.

Revenue by Segment and Geography

KPLP operates in two business segments, namely Consumer and AFH. Consumer segment revenue for the year ended December 31, 2019 was $1,186.5 million, which represented 82.7% of KPLP's consolidated revenue (compared to $1,139.3 million for the year ended December 31, 2018, which represented 83.1% of KPLP's consolidated revenue). AFH segment revenue for the year ended December 31, 2019 was $247.6 million, which represented 17.3% of KPLP's consolidated revenue (compared to $231.1 million for the year ended December 31, 2018, which represented 16.9% of KPLP's consolidated revenue). Corporate and other costs previously included revenue associated with the sales of parent rolls and recycled fibre, which were considered an "Other" segment. Any associated revenue is now included in Consumer or AFH segments as appropriate.

KPLP operated in three geographic regions, namely Canada, the U.S. and Mexico until September 2019, when the shares in the Mexico entity were sold. Revenue in Canada for the year ended December 31, 2019 was $840.9 million, which represented 58.6% of KPLP's consolidated revenue (compared to $803.5 million for the year ended December 31, 2018, which represented 58.6% of KPLP's consolidated revenue). Revenue in the U.S. for the year ended December 31, 2019 was $516.3 million, which represented 36.0% of KPLP's consolidated revenue (compared to $479.4 million for the year ended December 31, 2018, which represented 35.0% of KPLP's consolidated revenue). Revenue in Mexico for the year ended December 31, 2019 was $76.9 million, which represented 5.4% of KPLP's consolidated revenue (compared to $87.5 million for the year ended December 31, 2018, which represented 6.4% of KPLP's consolidated revenue).

Sales and Marketing

KPLP's sales and marketing team consists of 87 people in Canada and the U.S.

The role of the sales and marketing team is to drive and accelerate the development of strong brands and private label products. The marketing team is tasked with optimizing KPLP's brand portfolio and building brand equity, ensuring that each of KPLP's brands offers a contemporary, unique brand proposition to the targeted consumer. KPLP's extensive marketing operations also provide it with economies of scale to track competitive intelligence and research on North American and global tissue trends. The sales team supports marketing efforts and is the direct liaison with customers and retailers. It plays a strategic advisory role with retailers, assisting with category management and efficient promotional and shelf assortment initiatives. KPLP's sales team has strong customer relationships throughout Canada and the U.S., reinforced by an organizational structure that has both national and regional footprints.

Customers

KPLP's consumer products are sold to the Canadian and U.S. retail grocery industry, either directly or through wholesalers, and to a number of other retail distribution groups, including drug stores, variety stores, mass merchandisers and wholesale clubs. Many of KPLP's long-standing customer relationships extend beyond 35 years. In both Canada and the U.S., KPLP's AFH products are sold directly to commercial customers, to general or specialized distributors /wholesalers and to building services contractors. The distributors in turn deliver KPLP products to end-users, which can range from local restaurants and schools to major hotels and office buildings across the country.

Product Development

KPLP's strong product development program plays a significant role in its ongoing objective of developing and maintaining products that are clearly differentiated in the marketplace. KPLP's product development team creates products designed to meet customer and consumer needs, which in turn leads to increased sales as well as opportunities for cost reduction.

KPLP uses a stage-gate process entitled AIM (Advancing Initiatives to Market) to initiate, execute, and track newly developed products for the Consumer business. Ideas are assembled from all stakeholders – marketing, sales, operations, and technology. A small team of specialized technical personnel work closely with the product development coordination team to schedule and manage anything from pilot to commercial trials. In the course of these, costs are assessed and these are used to feed the stage-gate process to determine whether or not certain products are accepted for sale into the marketplace. Final acceptance requires sign-off by all key stakeholders.

Sustainability Platform

Sustainability 2020 is KPLP's second sustainable development program focused on achieving four key targets: reducing its energy consumption by 15%, its water consumption by 35% (intensity-based) and its greenhouse gas emissions by 27% (intensity-based) from 2009 levels, as well as improving its employee safety by 50% from 2015 levels. The program is led by a Vice President position created in 2010 for this strategic initiative, which is focused on reducing KPLP's environmental footprint. KPLP publishes the progress towards achieving the objectives on its website, www.krugerproducts.ca/sustainability. Highlights to date included a 35.2% improvement in the OSHA Total

Incidence Rate, a 10% reduction in energy use, a 33% reduction in water use, and a 22% reduction in Scope 1 greenhouse gas emissions. KPLP was the first Canadian tissue manufacturer to earn FSC® chain of custody certification in 2011 and was SFI chain of custody certified in 2019. Today KPLP offers one of the largest portfolios of UL EcoLogo and FSC®-certified tissue products in North America. During 2019, KPLP held its eighth Leaders in Sustainable Thinking industry thought leadership program in partnership with Canadian Grocer to encourage industry collaboration towards common sustainability objectives. KPLP has received numerous international, national and local recognitions for its continuing sustainability efforts, including being ranked #10 on Corporate Knights' Best 50 Corporate Citizens in Canada in 2019.

Large, Geographically Diverse and Efficient Manufacturing Infrastructure

KPLP has the largest combined annual production capacity of bathroom tissue, paper towels, facial tissue and napkins in Canada, at approximately 273,500 metric tonnes or approximately one-third of Canada's current production capacity, according to RISI data. Across Canada and United States, KPLP has a total annual production capacity of 383,500 metric tonnes.

KPLP's Canadian and U.S. plants are strategically located in close proximity to its customers and logistics providers, which allows it to maintain operational flexibility and lower overall distribution costs. In addition, KPLP is the only Canadian tissue company with manufacturing operations in Western Canada, which, in addition to lowering distribution costs, allows KPLP to develop strong relationships with local suppliers and customers.

Manufacturing Process and Technologies

There are two general processes involved in manufacturing tissue products: tissue roll production and converting. In tissue roll production, paper machines are used to make a base sheet which, in turn, is transformed into a parent roll. The parent roll is then converted into a finished product using specialized winder equipment.

The primary raw material used in the production of tissue paper is pulp, which can be produced from either fresh wood fibre or recycled waste paper.

The main manufacturing processes utilized and referred to in the industry are wet crepe (WC), light dry crepe (LDC), single recrepe (SRC) and through-air-dried (TAD). These processes are summarized in the table below.

Wet Crepe	• Used for lower grade and lower priced products • Main technology used for products in the AFH business • Technology used in the consumer napkin category and low grade paper towels • Recycled fibre is the main fibre input
Light Dry Crepe	• Primary technology in the consumer business and produces better quality than wet crepe • Final product quality significantly varies depending on the amount of virgin pulp used in combination with recycled fibre • Lower quality Light Dry Crepe products have a higher percentage of recycled fibre • Most private label products also use Light Dry Crepe technology as do AFH premium products
Single Recrepe	• Similar to Light Dry Crepe, but can achieve higher quality in terms of softness and bulk • Able to use recycled fibre (lower cost) and/or pulp

Through-Air-Dried (TAD)	• Used for high quality, high softness products • Less pressure is applied to the sheet during the drying stage, preventing bulk loss • More bulk caliper per weight of fibre results in a lower cost per case (fewer sheets per roll)

The final stage of manufacturing is known as converting. In this stage, the large parent rolls are slit and rewound, or folded, into the final sizes and formats sold to the consumer or final user. In addition, the final packaging takes place as well.

KPLP uses all prevalent tissue manufacturing technologies in its plants: wet crepe, light dry crepe, single recrepe and through-air-dried.

KPLP also has 38,000 metric tonnes of TAD capacity at its Laurier plant in Canada, used primarily for production of paper towels. This allows KPLP to have a more competitive product offering in the Canadian paper towel category. With the addition of the Memphis TAD Machine, KPLP is able to produce high quality bathroom tissue and paper towel products in the U.S. and Canada. The Memphis TAD machine significantly improves product performance and quality while reducing overall costs per case.

KPLP also employs double-nip-embossing technology in its “ultra” and premium bathroom tissue products, a tissue manufacturing process by which individual plies are embossed prior to being combined or joined together, enhancing aesthetic appeal as well as bulk (thickness) development.

Suppliers

KPLP strategically sources from a diverse group of suppliers in order to reduce dependency risk. KPLP has strong long-standing relationships with many of its key suppliers, including well-established large-scale suppliers that are experts in their respective offerings.

Pulp and recycled fibre are the largest components of tissue product costs. Pulp is a world-wide easily accessible commodity. Though underlying pulp costs can fluctuate based on worldwide shifts in supply/demand, there has historically been an ability to pass along fluctuations to end customers and consumers. However, the ability to pass through the full amount of pulp cost increases has more recently been affected by the competitive market situation at the time of the fluctuation. Pulp types used by KPLP include Northern Bleached Softwood Kraft, eucalyptus, recycled fibre and other fibres. KPLP has over 10 large pulp suppliers.

In addition, KPLP has over four large waste paper suppliers. While the supply of waste paper has been declining in the market over the last few years, KPLP’s dependency risk remains low as it has relationships with numerous suppliers.

KPLP has multiple suppliers for each of the other key supplies required for its business, including electricity and natural gas, packaging, chemicals, freight and pallets. KPLP has over 10 major Canadian carriers, which transport most of its products across North America. Included in these providers are several of KPLP’s customers who pick up merchandise directly from KPLP warehouses and charge the distribution costs back to KPLP. Certain purchasing services are provided by Kruger under the Management Services Agreement. See “Commercial Relationship between Kruger and KPLP” below. KPLP obtains many of its supplies and services pursuant to master supply or service agreements negotiated and entered into by Kruger (or one of its affiliates) for itself and on behalf of certain of its subsidiaries, including KPLP. See “Commercial Relationship between Kruger and KPLP” below.

Properties

KPLP currently operates at a total of eight production locations in Canada and the United States, including four paper manufacturing plants across Canada, three in the province of Québec and one in the province of British Columbia, along with three converting only sites, two in the province of Ontario and one in the province of Quebec. All of the KPLP facilities are located close to key markets and provide a competitive product advantage to KPLP, providing it with operational and pricing flexibility and lower distribution costs. KPLP's papermaking capacity currently represents approximately one-third of the total installed Canadian capacity. KPLP's U.S. operations are located in Memphis, Tennessee in KTG and include both the Initial Memphis Operations and the Memphis TAD Machine. The KTG Memphis site real property is leased through the Industrial Development Board of the City of Memphis and County of Shelby Tennessee under a long-term PILOT (payment in lieu of taxes) lease, with the option of ownership returning to KTG at any time during the 15 year lease for a minimal fee, or by the end of the lease in 2026. KPLP regularly invests in its plants to maintain them in good working condition and/or to upgrade or increase capacity to meet increasing customer demand. All of KPLP's Canadian paper plants and converting facilities and related land are owned by KPLP, except for the land on which the converting facilities in Trenton and Scarborough are located and the land on which the Gatineau Plant is built, which is subject to a lease with a term ending in March, 2028. During the year ended December 31, 2019, KPLP entered into a new land lease with the NCC for its Gatineau Plant that commences in March, 2028 and permits KPLP to secure the site until March 2053. This resulted in a $2.3 million decrease of the provision for the potential obligation to dismantle the facility and remediate the land at the end of the lease.

KPLP's paper plants, converting facilities, brands produced and technologies used are listed below.

				Gatineau		**Memphis**		**Trenton(1)**	**Scarborough(1)**
	New Westminster	**Crabtree**	**Lennoxville**	**Laurier**	**Richelieu(1)**	**Initial Memphis Operations**	**Memphis TAD Machine**		
Production Capacity (metric tonnes)......	64,500	91,000	24,000	94,000	N/A	55,000	55,000	N/A	N/A
Paper Machines ..	2	4	1	3	0	2	1	0	0
Converting Lines.........	10	13	0	0	15	8	43	10	20
Brands Produced	*Purex, Scotties, Western Family, Soft & Pure Premium, KSBT, White Swan,* AFH	*Cashmere, SpongeTowels, White Swan, Purex, AFH*	*Cashmere*	*Scotties, White Swan, SpongeTowels,* AFH	*Scotties, White Swan, AFH*	*White Cloud, Scotties*	*White Cloud, Cashmere, SpongeTowels Satinelle*	*Chalet/M, White Swan, Embassy, Esteem, AFH*	*Chalet/M, White Swan, Embassy, Esteem, AFH*
Paper Technology	LDC	LDC, SRC	SRC	WC, LDC, TAD	N/A	LDC	TAD	N/A	N/A

(1) These facilities are converting only.

KPLP's warehousing facilities are strategically located near customer warehouses and operations. KPLP's facilities are located both on plant sites, as well as operated by third parties off site. The following table lists KPLP's warehouses. At certain locations, KPLP contracts out its warehouse operations to third parties.

Warehouse Locations	Size	Owned/Leased
New Westminster		
• New Westminster Plant Warehouse	100,000 sq. ft.	Owned
• New Westminster Off-Site Warehouse (Gifford St.)	504,000 sq. ft.	Leased(l)
Crabtree and Lennoxville		
• Laval - Dagenais (third party operator)	390,000 sq. ft.	Leased(1)
• Joliette	140,000 sq. ft.	Owned
• Laval - des Rossignols (third party operator)	207,000 sq. ft.	Leased
• Laurin Logistique	61,500 sq. ft.	Leased
• Gestion Guibeault	91,500 sq. ft.	Leased
Gatineau		
• Gatineau Plant Warehouse	300,000 sq. ft.	Owned
Memphis		
• Memphis Plant Warehouse	420,000 sq. ft.	Leased
• Southaven, Mississippi	350,000 sq. ft.	Leased
Trenton		
• Trenton Plant Warehouse	50,000 sq. ft.	Leased
Scarborough		
• Scarborough Plant Warehouse	30,000 sq. ft.	Leased
Oshawa		
• Oshawa AFH Distribution Centre	313,000 sq. ft.	Leased
Whitby		
• Whitby AFH Overflow facility	187,000 sq. ft.	Leased

(l) Leased from an entity that is 50% owned by an affiliate of Kruger.

Intellectual Property

KPLP owns several trademarks for consumer brands, packaging claims, packaging designs, advertising slogans and industrial designs. These brands include *Cashmere*, *Purex*, *White Swan*, *Soft & Pure Premium*, *and Satinelle* in the bathroom tissue category, and *SpongeTowels* in the paper towels category. KPLP owns the *White Cloud* trademark (as used to identify tissue products) and, in the facial tissue category, has a license with Kimberly-Clark to use the *Scotties* trademark in Canada on a royalty-free basis for 25-years ending in September 2021 with options to renew for additional successive 25-year periods.

Employees

In total, KPLP has approximately 2,500 employees, the majority of whom work in KPLP's manufacturing facilities. Of the 2,500 employees, approximately 1,900 are hourly employees and 600 are salaried employees. Approximately 2,000 of the 2,500 employees are in Canada and the remaining approximately 500 employees are in the U.S. The majority of hourly employees in each of KPLP's manufacturing facilities operate under collective bargaining agreements. KPLP Management believes that it has good labour relations with its unionized employees.

Government Regulation

KPLP's operations are subject to various federal, provincial, state and local laws affecting its business, including licensing and regulation regarding health, sanitation, safety, fire, building codes and other matters in the provinces or municipalities in which facilities and offices are located. Developing new manufacturing facilities and warehouses in certain locations requires various licenses and land use approvals. As a result, development could be delayed in any given circumstance by difficulties in obtaining such licenses and approvals or by more stringent requirements of local government bodies with respect to zoning, land use and licensing.

Advertising Regulations

KPLP is a member of the Association of Canadian Advertisers and Advertising Standards Canada, a national industry body committed to implementing the Canadian Code of Advertising Standards. This code is the principal instrument of advertising regulation and includes guidance for acceptable advertising including accuracy and clarity, comparative advertising, price claims and professional and scientific claims.

Environmental Regulations

KPLP is subject to environmental laws and regulations imposed by the various governments and regulatory authorities in Canada and the United States. These environmental laws and regulations impose stringent standards on KPLP, regarding, among other things: (i) air emissions; (ii) water discharges; (iii) use and handling of hazardous materials; (iv) use, handling and disposal of waste; and (v) remediation of environmental contamination.

All manufacturing locations are subject to a periodic environmental audit. To date, costs of compliance with changing environmental regulations have not been significant in relation to the size of KPLP.

Commercial Relationship between KPLP and KTG

KPLP provides certain business support services to KTG, its wholly-owned subsidiary, pursuant to certain operating agreements entered into between KPLP and KTG which include: (i) a management and support services agreement, whereby KPLP provides management and support services to KTG (i.e. management and administration, accounting and tax, finance, treasury, benefits and human resources, legal, engineering, etc.) for an annual management fee, paid monthly in an amount equal to the actual cost incurred to perform such services plus a 5% mark-up; (ii) a sales agency and marketing agreement, whereby KPLP, through its wholly-owned subsidiary Kruger Products (USA) Inc., acts as exclusive sales agent for KTG and handles matters such as the solicitation of purchase orders, sales support and marketing, invoicing and collection for KTG products for a commission of 3.5% of net sales, excluding sales to KPLP; (iii) a trademark license agreement, whereby KPLP grants KTG the non-exclusive right to use the *White Cloud* trademarks for its products in accordance with KPLP's standards and requirements for a yearly payment by KTG of a royalty equal to 2% of *White Cloud* net sales; and (iv) a parent roll purchase agreement, whereby KPLP has the option to purchase parent rolls from KTG, at the applicable fair market value (determined pursuant to the terms of such agreement) for sale in the Canadian market and must compensate KTG under certain circumstances set out in the agreements. The parent roll purchase agreement shall be automatically renewed for consecutive one-year periods unless either party has given the other party written notice of termination at least three months prior to the expiration of the current term.

Commercial Relationship between Kruger and KPLP

Management Services Agreement

KPLP and Kruger are parties to a Third Amended and Restated Management Services Agreement dated as of November 15, 2019 with effect as of January 1, 2020 (the "Management Services Agreement") pursuant to which Kruger provides certain management and support services to KPLP, including corporate management support and administrative support services; accounting and tax support; corporate financing and treasury support; benefits and human resources support services; corporate insurance; corporate procurement services complementary to KPLP procurement; project development and management services (including in connection with the TAD Sherbrooke

Project), corporate development support, environmental support and corporate engineering support services. The annual management fee paid by KPLP to Kruger is $7,350,000 which amount is adjusted for inflation annually. The Management Services Agreement, which was approved by an independent committee of the board of KPLP, amended and restated that Second Amended and Restated Management Services Agreement dated as of December 13, 2012 to increase the scope of management and support services provided by Kruger and to increase the annual management fee accordingly and to extend the term to ensure support through current initiatives.

The term of the Management Services Agreement expires on December 31, 2025. The term shall be automatically renewed thereafter for consecutive one-year periods unless one of the parties provides the other with prior notice of termination at least three months prior to the expiry of the term or any renewal period. Kruger is not entitled to terminate the Management Services Agreement unless KPLP fails to pay required fees under the agreement and fails to remedy such default within the 30-day cure period provided under the agreement. KPLP is not entitled to terminate the Management Services Agreement unless Kruger fails to provide the required services in accordance with the agreement for a period of four consecutive weeks and fails to cure such breach within the 30-day cure period provided under the agreement. The foregoing is a summary of the principal terms of the Management Services Agreement. Such summary is not exhaustive and is qualified by the terms of the agreement, which was filed with the Canadian securities regulatory authorities and is available under the Corporation's profile on www.sedar.com.

Master Supply and Service Agreements

KPLP obtains some of its services and supplies, including its supply of pulp and waste paper, energy and chemicals, pursuant to master supply or services agreements negotiated and entered into by Kruger (or one of its affiliates) on its own behalf and on behalf of certain of its subsidiaries, including KPLP. Kruger negotiates master supply and services agreements in this manner with a view to increasing the efficiency of its negotiations and obtaining advantageous pricing for its subsidiaries. Under these arrangements, KPLP issues purchase orders to or otherwise contracts directly with the supplier for such purchases but on the terms provided for in the applicable master supply and services agreement.

While KPLP obtains certain benefits from these arrangements, including advantageous pricing in some circumstances, KPLP Management believes that KPLP would be able to obtain the services and supplies even if Kruger was not conducting the negotiations and that any resulting increase in pricing would not adversely affect KPLP's business in a material way.

Kruger Trademark License Agreement

Pursuant to an Amended and Restated Trademark License Agreement between Kruger and KPLP dated as of December 13, 2012 (the Kruger Trademark License), Kruger granted a non-exclusive, royalty-free, long-term license to KPLP to use the name "Kruger" and the trademarks provided for in such agreement. The initial term of the licence expires 25 years after its effective date, subject to rights of termination upon the occurrence of certain events including, among others, a change of control of KPLP. The term can be renewed at KPLP's option for additional 25-year terms upon written notification to that effect. The foregoing summary is qualified by the terms of the Kruger Trademark License, which was filed with the Canadian securities regulatory authorities and is available under the corporation's profile on www.sedar.com.

Lease from an Affiliate of Kruger

The Laval and New Westminster warehouses described above under "Warehouse Locations" are leased by KPLP from an entity of which an affiliate of Kruger is a 50% owner. KPLP Management believes that such leases are on reasonable commercial terms that, considered as a whole, are not less advantageous to KPLP than if the leases were with a person dealing at arm's length with KPLP.

Inter-affiliate Purchases and Sales

KPLP purchases certain supplies and services from Kruger and its affiliates, including fibre procurement services from the Kruger recycling division, Kraft pulp from Kruger's paper division and packaging supplies from Kruger Packaging. Such supplies and services are generally provided at market prices. KPLP Management believes that if it did not contract with Kruger with respect to such supplies and services, it could contract with other suppliers and purchasers on substantially the same terms. Kruger and KPLP enter into Agreements for the purchase and sale of such supplies and services. Such agreement provides that such transactions are to occur on arm's length terms.

MATERIAL CONTRACTS

The following are the only material contracts, other than those contracts entered into in the ordinary course of business, which the Corporation or KPLP have entered into since the beginning of the last fiscal year before the date of this Annual Information Form or entered into prior to such date but which contract is still in effect. Each of the summaries below describes certain material provisions of the relevant material contract and is subject to, and qualified in its entirety by reference to, the relevant material contract, a copy of which is available on the SEDAR website at www.sedar.com.

Material Contracts of the Corporation

Limited Partnership Agreement

Business of KPLP

KPLP will not carry on any activities other than the business of manufacturing, marketing, distributing and sales of tissue paper products and sanitary products, and such other businesses and activities as may be reasonably related, incidental, complementary or ancillary thereto.

KPGP Board Representation

Kruger undertakes to exercise its votes to cause the number of directors of KPGP to consist of nine directors, unless otherwise agreed between the partners and in favour of the election as directors of KPGP of the nominees that the Corporation has the right to designate for election pursuant to the Limited Partnership Agreement. In March 2020, the Corporation consented to an increase in the number of directors of the KPGP Board from nine to ten directors in the context of Sarah Kruger's election to the KPGP Board. The number of nominees to the KPGP Board to be designated by the Corporation from time to time is based on the Corporation's proportionate ownership interest of KPLP (as reduced to account for Kruger's proportionate ownership interest in the Corporation, if any) (the Corporation Aggregate Ownership Interest) at the time of designation as follows:

- If the Corporation Aggregate Ownership Interest is less than or equal to 50%, the Corporation may designate up to three nominees;
- If the Corporation Aggregate Ownership Interest is greater than 50% but less than or equal to 60%, the Corporation may designate up to five nominees, provided that the fifth such nominee will be subject to the approval of Kruger, acting reasonably;
- If the Corporation Aggregate Ownership Interest is greater than 60% but less than or equal to 70%, the Corporation may designate up to six nominees;
- If the Corporation Aggregate Ownership Interest is greater than 70% but less than or equal to 80%, the Corporation may designate up to seven nominees;
- If the Corporation Aggregate Ownership Interest is greater than 80% but less than or equal to 90%, the Corporation may designate up to eight nominees;
- If the Corporation Aggregate Ownership Interest is greater than 90%, the Corporation may designate all nine nominees.

The Corporation is only entitled to designate individuals who are (a) directors of the Corporation (unless all such directors are already members of the KPGP Board, in which case other individuals may be nominated), (b) "independent" within the meaning of applicable securities laws and stock exchange rules, and (c) are not and have not been affiliated, associated with or otherwise connected to a Kruger competitor. Additionally, in the event that (i) a shareholder of the Corporation (other than Kruger or a Kruger Affiliate) beneficially owns or controls 20% or more of the issued and outstanding Common Shares, and (ii) Kruger's aggregate ownership interest in KPLP (including its indirect interest in KPLP held through the Corporation) (the Kruger Aggregate Ownership Interest) is greater than 40%, then all the nominees of the Corporation to the KPGP Board must (A) be approved by the KPGP Board (acting reasonably) and (B) enter into confidentiality and code of conduct undertakings satisfactory to the KPGP Board (acting reasonably). In the event that KPLP issues KPLP Units to a limited partner other than the Corporation or Kruger, such limited partner shall be entitled to nominate a number of members of the KPGP Board proportionate to its equity interest.

Matters Requiring Unanimous Consent of the Corporation and Kruger

No obligation of KPLP will be entered into, no decision will be made and no action will be taken by or with respect to KPLP with respect to the following matters without the unanimous approval of each of the Corporation and Kruger:

- the undertaking of any business or activity by KPLP, other than the business of the partnership (namely the manufacturing, marketing, distribution and sales of tissue paper products and sanitary products and other businesses or activities reasonably related, incidental, complementary or ancillary thereto);
- the removal and appointment of a new general partner;
- the liquidation, dissolution or winding-up of KPLP;
- any amendment or termination (other than in accordance with its terms) of the Management Services Agreement or the Administration Agreement;
- any redemption, purchase or repurchase of KPLP Units or other equity securities of KPLP by KPLP, other than a repurchase offered to all limited partners in accordance with the terms of the Limited Partnership Agreement;
- the issuance of KPLP Units (or other equity interests in KPLP) to Kruger or its affiliates at a price less than 95% of the Current Trading Price (as defined in the Limited Partnership Agreement), unless (i) the Corporation or another person not related to Kruger acting on a bona fide basis is also being issued KPLP Units or other equity interests where the number of such KPLP Units is at least 20% of the number of KPLP Units being issued to Kruger and its affiliates and the issue price for such KPLP Units is not less than 85% of the Current Trading Price, or (ii) the Kruger Aggregate Ownership interest prior to such issuance is less than 20%;
- the issuance of new KPLP Units representing more than 25% of the then-issued and outstanding KPLP Units in connection with which the Corporation does not exercise its Pre-Emptive Right; and
- the entering into by KPLP of 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 from KPLP to a partner or an affiliate of a partner, other than those arrangements between KPLP and its partners existing as of the date of the Limited Partnership Agreement.

Transfer Restrictions

No partner shall transfer all or any part of its interest in KPLP without the unanimous approval of the partners, except as expressly provided in the Limited Partnership Agreement.

Right of First Offer of the Corporation in Respect of Sale of KPLP Units by Kruger

If Kruger decides to sell KPLP Units from time to time and invokes the right of first offer provisions to do so (i) on its own initiative, or (ii) following the receipt of an offer from a third party, the Corporation shall have a right of first offer to purchase such KPLP Units (the Unit Sale Right), subject to compliance with applicable laws and to the conditions set forth in the Limited Partnership Agreement.

Tag-Along Right of the Corporation

Provided that it has complied with the Unit Sale Right, in the event that Kruger proposes to sell more than 20% of the issued and outstanding KPLP Units that Kruger owns to a third party at a price per KPLP Unit greater than 115% of the market price of the Common Shares calculated as of the date of the tag-along offer (subject to adjustment if the KPLP Units and Common Shares are not of equal value), then Kruger may only sell such KPLP Units if Kruger causes the third party to extend its offer to also purchase the KPLP Units held by the Corporation, at the same price and on the same conditions as those sold by Kruger. In the event the number of KPLP Units to be purchased has been specified by the third party, then each of Kruger and the Corporation shall have the right to sell a proportionate share of their KPLP Units. If the Corporation elects to exercise its right to participate in the offer, then the Corporation may hold a meeting of shareholders at which the Corporation's shareholders shall be asked to approve the participation of the Corporation in the sale. The foregoing tag-along right was based on and inspired by the principles relating to take-over bid requirements under applicable Canadian securities laws and regulations and the private agreement statutory exemption therefrom.

Drag-Along Right of Kruger

Provided that it has complied with the Unit Sale Right, for so long as the Kruger Aggregate Ownership Interest is equal to or greater than $66\,^2/_3$%, if Kruger decides to sell all of its KPLP Units for cash and the board of KPGP has obtained a fairness opinion stating that the per KPLP Unit price is fair to the holders of KPLP Units, Kruger will have the right to require the Corporation to sell all of its KPLP Units to the purchaser on the same terms and conditions as Kruger (the Drag-Along Right). The sale by the Corporation of its KPLP Units will take place at the same time, and will be conditional upon, the sale of the KPLP Units offered by Kruger. Kruger will assume the liability for any representations and warranties' regarding KPLP that Kruger gives to the third party purchaser under the relevant purchase agreement. The foregoing drag-along right was based upon the fact that under applicable Canadian corporate and securities laws the acquisition of all the shares of a corporation can generally be effected with the support of at least $66\,^2/_3$% of the outstanding shares, such that the remaining shareholders are effectively required to sell on the same terms.

Pre-Emptive Right to Acquire KPLP Units

Any additional KPLP Units to be issued by KPLP shall first be offered to each of the Corporation and Kruger, which may purchase a number of new KPLP Units corresponding to their respective proportionate share of KPLP Units (and such additional number of KPLP Units offered for sale that the other partner does not choose to purchase) (the Pre-Emptive Right).

If the Corporation intends to exercise its Pre-Emptive Right (which it shall not unreasonably refuse to do), it shall (a) consult with financial advisors or underwriters, (b) use all reasonable efforts to obtain commitments in respect of a prospectus offering at the highest price per Common Share that the Corporation is reasonably able to obtain that is expected to yield aggregate gross proceeds sufficient for the Corporation to pay the subscription price for the exercise of its Pre-Emptive Right and (c) provide notice of such commitment to KPGP in each case within the timeframes prescribed by the Limited Partnership Agreement.

The Corporation and KPLP will, to the extent possible, prevent certain events from occurring which would result in the indirect economic interest in KPLP represented by a Common Share diverging from the direct economic interest in KPLP represented by a KPLP Unit, including splits or consolidations of the Common Shares without a corresponding split or consolidation of the KPLP Units, issuances or repurchases of Common Shares without corresponding issuances or repurchases of KPLP Units, acquisition of assets by the Corporation other than KPLP

Units or incurrence of liabilities other than ordinary course liabilities, or special distributions by the Corporation of rights, certain other securities, debt or assets to all shareholders.

Unit Redemptions

If KPGP determines that it is advisable for the Corporation to proceed with a normal course issuer bid or a substantial issuer bid for Common Shares, it can require the Corporation to initiate a process to do so. In connection with any such issuer bid, KPLP shall advance any funds required to pay for the purchases of the Common Shares. Any advances by KPLP for this purpose will be repaid as soon as possible by the purchase for cancellation by KPLP from the Corporation of the corresponding number of KPLP Units held by the Corporation (subject to adjustment if the Common Shares and KPLP Units are not of equal value). In such case, Kruger and the Corporation will be entitled to cause KPLP to purchase from it a corresponding *pro rata* number of KPLP Units.

Right of First Offer of the Corporation in Respect of Sale of Assets of KPLP

If KPLP decides to sell all or substantially all of its assets for cash or publicly-listed securities and initiates a process to do so (i) on its own initiative, or (ii) following the receipt of an offer from a third party, the Corporation shall have a right of first offer to purchase such assets subject to the conditions set forth in the Limited Partnership Agreement.

Disclosure Obligations of KPLP

As long as the Corporation is a "reporting issuer" under applicable securities laws, KPLP shall provide to it, subject to restrictions under applicable laws or confidentiality obligations, and at no cost to the Corporation, access to such financial and other information and documents related to KPLP which is reasonably required for compliance with the continuous disclosure and reporting requirements of a reporting issuer, and shall notify the Corporation without delay of any material change concerning KPLP.

Covenants of KPGP

KPGP covenants that no obligation will be entered into, no decision will be made, and no action taken by or with respect to KPGP with respect to the following matters without the prior written consent of the Corporation:

- the liquidation, dissolution or winding-up of KPGP; and
- any action that would defeat or impair the ability of the Corporation to nominate and have elected to the board of directors of KPGP the individuals the Corporation is entitled to designate.

Covenants of the Corporation

The Corporation covenants with KPLP and Kruger that it shall not undertake any of the following actions without the prior written consent of Kruger:

- any amalgamation, merger, continuance, arrangement, reorganization or similar business combination involving the Corporation;
- the liquidation, dissolution or winding-up of the Corporation;
- other than in the ordinary course of business (subject to a limit of $100,000), the acquisition by the Corporation of any assets, business or operations, other than the acquisition of KPLP Units or assets pursuant to the exercise of rights granted in the Limited Partnership Agreement;
- other than in the ordinary course of business (subject to a limit of $100,000), the sale, transfer, lease, pledge or other disposal of any of the assets, business or operations of the Corporation, including any KPLP Units but excluding any assets previously acquired pursuant to the exercise of a right granted by the Limited Partnership Agreement;

- enter into any support agreement with respect to any proposed take-over bid or exchange offer with respect to the Corporation's securities;
- amend its articles or by-laws;
- redeem, purchase or repurchase any outstanding securities of the Corporation except in accordance with the provisions of the Limited Partnership Agreement;
- provide any confidential information of KPLP to any third party, except where required by law or with the prior approval of the KPGP Board;
- issue any securities of the Corporation, except for issuances of Common Shares in connection with: (i) a shareholder rights plan of the Corporation, (ii) the exercise of rights under the Exchange Agreement, (iii) the financing of an acquisition of KPLP Units pursuant to the exercise of the Pre-Emptive Right; or (iv) the financing of an acquisition of KPLP Units or assets pursuant to the exercise of a right granted by the Limited Partnership Agreement; or
- incur any indebtedness above $3 million, except for (i) indebtedness incurred in connection with the normal course of operation of a public company, or (ii) indebtedness to finance an acquisition of assets or KPLP Units pursuant to the rights granted in the Limited Partnership Agreement.

In the event of a breach by the Corporation of its covenants, certain rights of the Corporation under the Limited Partnership Agreement may be suspended. See "Risk Factors — Loss of Rights under the Limited Partnership Agreement".

Kruger's Right to Nominate a Director of the Corporation

For so long as the Kruger Aggregate Ownership Interest is equal to or greater than 20%, Kruger shall be entitled to propose one director nominee for inclusion amongst the candidates for election as directors of the Corporation at each annual general meeting of shareholders of the Corporation or other meeting convened for the purpose of electing directors (the Director Nomination Right). Provided the person proposed by Kruger complies with all applicable legal requirements and stock exchange rules, the Corporation shall include such person's name in its proxy materials and recommend that the shareholders vote in favour of such person.

Administration Agreement

Pursuant to the Administration Agreement, KPLP, as administrator (the Administrator) has full power and authority to administer, subject to the general supervision and any specific instructions of the Corporation Board, all of the ongoing operations and affairs of the Corporation in order for the Corporation to carry on its activities as a public company. The services provided by the Administrator under the Administration Agreement include the following:

- Conducting general shareholder services, including investor relations, and convening and holding shareholder meetings.
- Undertaking reporting activities required to comply with applicable securities legislation and administering the payment of applicable fees, taxes and other amounts levied against the Corporation.
- Preparing annual and interim financial statements.
- Performing accounting and tax services.
- Providing written reports to the Corporation Board on the financial, operational and business performance of KPLP; and providing reports to the Corporation Board outlining the nature and details of the Administrative Services that have been provided.
- Providing shareholders and other services and arranging for the provision of professional services for the Corporation.
- Providing cash management, treasury and finance services to the Corporation.

- Maintaining the books, records and accounts of the Corporation.
- Providing the Corporation with office facilities and personnel.
- Providing all necessary technology services, including setting up and maintaining a public website for the Corporation and the management of online investor relations services.
- Selecting and providing any officers of the Corporation, subject to the approval of the Corporation Board.
- Administering the payment of fees, if any, to the directors of the Corporation and the implementation of the director orientation and continuing education policies of the Corporation.
- Arranging for any applicable insurance for the Corporation and its directors and officers.
- Arranging for the payment of the listing and sustaining fees for the Toronto Stock Exchange and any other exchange on which the Common Shares or similar securities may from time to time be listed.
- Providing advice to the Corporation Board with respect to determining the timing and terms of future issuances or repurchases of Common Shares or other securities of the Corporation and attending to any administrative matters in connection with the Common shares or other securities of the Corporation.
- Appointing the Corporation's bankers and establishing banking procedures to be implemented by the Corporation.
- Arranging for borrowings of the Corporation, if any.
- Establishing the Corporation's operating expense budgets and authorizing and arranging for the payment of all operating expenses incurred by the Corporation.
- Arranging for, negotiating and entering into on behalf and in the name of the Corporation any agreement, instrument or other document for the proper administration and operation of the Corporation, unless the Administration Agreement expressly provides otherwise.
- Commencing, defending, adjusting or settling suits or legal proceedings in connection with the Corporation.
- Doing all such acts, taking all such proceedings, administering funds and making payments, executing all such documents and exercising all such rights and privileges that the Administrator may deem necessary to administer the undertaking and affairs of the Corporation.
- Performing any other services reasonably requested by the Corporation that are required in connection with the Corporation's business and operation of a public company.

The Administrator shall directly bear and pay for all of the Corporation's normal operating expenses incurred in connection with the ordinary course operation of a company that is a reporting issuer. The Administrator may also advance funds to the Corporation in an amount equal to pay for any expenses of the Corporation that are outside of such ordinary course expenses, by way of non-recourse, interest-free loans, repayable upon payment by the Administrator of distributions to the Corporation. As the Corporation's agent, the Administrator will also bear and pay all outlays and expenses to third parties incurred by the Administrator in the administration of the affairs of the Corporation and the performance by the Administrator of its duties under the Administration Agreement.

The Administration Agreement may be terminated only: (i) by the Corporation by written notice to the Administrator with immediate effect, upon the occurrence of the following events: (A) the termination of the Limited Partnership Agreement; (B) if the Administrator materially breaches the provisions of the Administration Agreement or is grossly negligent in the exercise of its obligations under the Administration Agreement, and such material breach or gross negligence has not been cured by the Administrator within thirty days of having been notified thereof in writing by the Corporation; or (C) upon the bankruptcy, assignment of assets or voluntary or judicial wind-up of the Administrator; or (ii) with the written consent of the Corporation and the Administrator. Any such termination will not relieve the parties from any obligations or liabilities arising prior to such termination.

Exchange Agreement

Exchange Right

Pursuant to the Exchange Agreement, the Corporation grants Kruger the right to exchange KPLP Units it holds from time to time for Common Shares issued by the Corporation on the basis of one KPLP Unit for one Common Share, subject to adjustment upon the occurrence of certain events that would result in the indirect economic interest in KPLP represented by a Common Share diverging from the direct economic interest in KPLP represented by a KPLP Unit, including splits or consolidations of the Common Shares without a corresponding split or consolidation of the KPLP Units, issuances or repurchases of Common Shares without corresponding issuances or repurchases of KPLP Units, acquisition of assets by the Corporation other than KPLP Units or incurrence of liabilities other than ordinary course liabilities, or special distributions by the Corporation of rights, certain other securities, debt or assets to all shareholders. If at any time the Kruger Aggregate Ownership Interest is less than 20%, the Corporation may require the exchange of all outstanding KPLP Units held by Kruger or its affiliates in return for Common Shares on the basis of one KPLP Unit for one Common Share subject to adjustment as set forth above as well as the exchange of all shares of KPGP held by Kruger or its affiliates in return for one Common Share.

Pre-Emptive Right

For so long as the Kruger Aggregate Ownership Interest is greater than 10%, in the event the Corporation issues Common Shares or securities convertible into Common Shares (excluding in connection with certain issuances), Kruger shall have the right to purchase up to such number of Common Shares and/or convertible securities being issued, on the same terms and conditions as the issuance, which will, when added to the Common Shares beneficially owned by Kruger and its affiliates, result in Kruger and its affiliates beneficially owning the same percentage of Common Shares as the percentage immediately prior to the issuance.

Termination and Assignment

The rights of Kruger under the Exchange Agreement may, by written notice to the Corporation, be assigned to any transferee of KPLP Units held by Kruger, as if such transferee were an original signatory to the Exchange Agreement, provided that the transfer of such KPLP Units has been effected in accordance with the provisions of the Limited Partnership Agreement. The Exchange Agreement may not be assigned by any of the other parties thereto.

The Exchange Agreement terminates on the date that Kruger, its affiliates and any transferee of KPLP Units held by Kruger no longer hold any KPLP Units or Common Shares.

Non-Competition Agreement

Pursuant to the Non-Competition Agreement, for so long as the Kruger Aggregate Ownership Interest is greater than 20% or Kruger has a designated nominee on the KPGP Board, neither Kruger nor Joseph Kruger II shall, and Kruger will cause its affiliates not to, directly or indirectly, in any manner whatsoever, without the prior written consent of KPLP and the Corporation, carry on or engage in any “Restricted Activities” other than in connection with Kruger’s or its affiliates’ investment in KPLP, the operations of KPLP, the provision of services to KPLP or other activities principally for the benefit of KPLP and its subsidiaries. For the purposes of the Non-Competition Agreement, “Restricted Activities” means any activity consisting of the business, in whole or in part, of manufacturing, marketing, distributing and sales of tissue paper products and sanitary products anywhere within all Provinces and Territories of Canada and all 50 states of the United States of America.

In the event that the Corporation ceases to own any KPLP Units, it will cease to be a party to and have any rights under the Non-Competition Agreement. No party may assign the Non-Competition Agreement or any benefits, rights or obligations under the agreement without the prior written consent of the other parties.

Registration Rights Agreement

Pursuant to the Registration Rights Agreement, if the Corporation determines to make a distribution of Common Shares to the public for cash pursuant to a prospectus under applicable securities laws (a Distribution), Kruger will have the right to include Common Shares that it holds in the Distribution. Furthermore, pursuant to the Registration Rights Agreement, Kruger has the right, commencing on and after 180 days after the closing of the public offering, to require the Corporation to use its reasonable commercial efforts to make a Distribution of such number of Kruger's Common Shares specified by Kruger on an underwritten basis. The Corporation shall not be required to make such a Distribution if, among other things, it relates to a number of Common Shares that would not reasonably be expected to result in gross proceeds of (i) at least $25 million if the Distribution is by way of long-form prospectus, or (ii) at least $10 million if the Distribution is by way of short-form prospectus. Subject to certain exceptions in the event a Distribution is not completed, all out-of-pocket expenses incident to the Distributions (other than selling expenses, including underwriting commissions) shall be borne by the Corporation (through the Administrator pursuant to the Administration Agreement) and Kruger in proportion to the number of Common Shares sold by each pursuant to the Distribution.

Material Contracts of KPLP

Senior Credit Agreement

General

KPLP is a party to a sixth amended and restated credit agreement dated as of April 24, 2018 entered into by KPLP, as borrower, the lenders party thereto and National Bank of Canada, as administrative agent, as amended by a first supplemental credit agreement dated November 19, 2018 and a second supplemental credit agreement dated September 19, 2019 (the "Senior Credit Agreement") pursuant to which a senior secured revolving credit facility in a maximum amount of $250 million (increased from $200 million) with a $75 million accordion feature (the "Senior Credit Facility") is made available to KPLP. The maturity date of the Senior Credit Facility is September 19, 2023. The Senior Credit Facility is to be used by KPLP to finance general corporate purposes and the ongoing working capital requirements of the Restricted Credit Parties (as defined below), and to finance the cash portion of any permitted acquisition or any investment by any such Restricted Credit Party (as defined below).

The Senior Credit Agreement is guaranteed by each Restricted Credit Party. Under the Senior Credit Agreement, "Restricted Credit Parties" means KPLP, KPGP, Kruger Products Real Estate Holdings Inc., Kruger Products (USA) Inc., Kruger Products AFH G.P. Inc. and Kruger Products AFH L.P. and their respective subsidiaries involved in the tissue business but excluding the Unrestricted Credit Parties (which include TAD Canco Inc., TAD Luxembourg S.A.R.L., KTG, KPSI, KP TAD Holdco Inc., TAD2 GP ULC, TAD2 US LP, TAD1 Canco I Inc., TAD1 GP ULC, TAD1 US LP and TAD1 Canco II Inc., collectively the "TAD Sherbrooke Project Entities") and the Non-Material Credit Parties (as such terms are defined in the Senior Credit Agreement). All Restricted Credit Parties granted first ranking security interests and hypothecs over all of their assets, present and future, movable and immovable, corporeal and incorporeal, to secure the obligations under the Senior Credit Agreement including a pledge of 100% of the stock or ownership interest in all credit parties owned by KPLP and the Restricted Credit Parties.

Interest Rates and Fees

Borrowings under the Senior Credit Facility bear interest at a base rate of Canadian Prime Rate, U.S. Base Rate, LIBOR, Banker's Acceptance Stamping Fees or LC Fees, plus a margin varying between 0.20% and 3.50% depending on the Ratio of Total Net Funded Debt to EBITDA (as defined in the Senior Credit Agreement) and the type of advance. Stand-By Fees are also payable on the available portion of the Senior Credit Facility at a rate varying between 0.24% and 0.70% depending on the Restricted Credit Parties' Ratio of Total Net Funded Debt to EBITDA (as defined in the Senior Credit Agreement).

Prepayments and Repayments

KPLP may voluntarily cancel or reduce the Senior Credit Facility, in whole or in part, subject to minimum amounts and notice period, with customary restrictions on prepayment of Banker's Acceptances, Libor Loans and liabilities under Letters of Credit (in each case, as defined in the Senior Credit Agreement).

Covenants

The Senior Credit Agreement contains customary affirmative covenants, including, but not limited to, delivery of financial and other information to the administrative agent, delivery of notice to the administrative agent upon the occurrence of certain material events, preservation of existence and authorizations, maintenance of insurance, compliance with laws, payment of taxes and other claims, limitation of transactions with affiliates and maintenance of security.

The Senior Credit Agreement requires the Restricted Credit Parties to comply with certain financial covenants. The financial covenants are calculated on an Adjusted Consolidated Basis (as defined in the Senior Credit Agreement) such that the Unrestricted Credit Parties are accounted for as investments but not consolidated. As such, indebtedness under the AgCredit Agreement, IQ Debenture and the Unrestricted Subsidiaries' EBITDA are not included in such calculations. Pursuant to the second supplemental credit agreement dated September 19, 2019, the Partnership is no longer required to maintain the Ratio of Total Net Funded Debt to EBITDA and the requirement for the Ratio of Senior Secured Net Funded Debt to EBITDA has been updated.

The Partnership shall maintain on an Adjusted Consolidated Basis and quarterly financial basis:

Ratio of Senior Secured Net Funded Debt to EBITDA not greater than:
(i) 3.00 to 1.00 until December 31, 2018, inclusively;
(ii) 3.25 to 1.00 from January 1, 2019 to March 31, 2019;
(iii) 3.75 to 1.00 from April 1, 2019 to September 30, 2019;
(iv) 3.50 to 1.00 from October 1, 2019 to June 30, 2020;
(v) 3.25 to 1.00 from July 1, 2020 to September 30, 2020; and
(vi) 3.00 to 1.00 thereafter;

Interest Coverage Ratio of at least 3.00 to 1.00.

The Senior Credit Agreement contains customary negative covenants of KPLP, including, but not limited to, (i) restrictions on the ability of KPLP and the Restricted Credit Parties to, subject to certain exceptions, grant liens, incur indebtedness, merge or consolidate, amend, restate or otherwise modify the Limited Partnership Agreement, make investments and loans, grant guarantees, make acquisitions, declare, set apart and pay distributions (which does not apply to the Tax Distribution (as defined below) to the Corporation), reduce capital, sell or otherwise dispose of assets, incur capital expenditures or materially change their business, and (ii) restrictions on the indebtedness of, among others, the TAD Sherbrooke Project Entities and the amendment of the TAD financing documents.

Events of Default

The Senior Credit Agreement contains customary events of default, including, but not limited to, non-payment, misrepresentation, breach of covenants, cross-default and cross-acceleration to other debt above a certain threshold, cross defaults to the Nordea Credit Agreement and the Nordea2 Credit Agreement (as defined below), insolvency, change of control of KPLP or Kruger and enforcement proceedings.

Security and Guarantees

The Senior Credit Facility is guaranteed by each Restricted Credit Party. KPLP and each Restricted Credit Party granted first ranking security interests and hypothecs over their current and future tangible and intangible assets (subject to permitted liens) to secure the obligations under the Senior Credit Facility, including a pledge of all capital stock or ownership interest in all subsidiaries owned by KPLP and the Restricted Credit Parties. The guarantees and security are granted on a pari passu basis in favour of the lenders and the administrative agent under the Senior Credit Agreement and the lenders and the administrative agent under the Nordea Credit Agreement and the Nordea2 Credit Agreement (as defined below).

Senior Unsecured Notes Indenture

General

On April 24, 2018, KPLP issued $125 million aggregate principal amount of 6.0% senior unsecured notes due April 24, 2025 (the "Notes") by way of private placement in Canada in accordance with applicable Canadian prospectus and registration exemptions. The Notes were issued pursuant to a trust indenture entered into as of April 24, 2018 between KPLP, the Guarantors and Computershare Trust Company of Canada (the "Indenture"). Interest on the Notes accrues at 6.0% per year and is payable semi-annually on April 24 and October 24 of each year.

Under the Notes, "Restricted Subsidiaries" means any subsidiary of KPLP that is not an Unrestricted Subsidiary as defined in the Indenture (which Unrestricted Subsidiaries include TAD Canco, TAD Luxembourg, KTG and Non-Material Subsidiaries as defined in the Indenture).

The Notes are senior unsecured obligations of KPLP. The Notes rank senior in right of payment to all existing and future subordinated indebtedness of KPLP and equal in right of payment to all indebtedness of KPLP that is not subordinated in right of payment to the Notes other than any indebtedness that ranks senior to the Notes by operation of law. The Notes will be effectively subordinated to all existing and future secured indebtedness of the issuer, to the extent of the assets securing such indebtedness.

Proceeds from the offering were $125 million, which were used to reduce the outstanding balance under the Senior Credit Facility and to pay transaction costs associated with the offering.

Guarantees

The Notes are unconditionally guaranteed, jointly and severally, by all existing and future Restricted Subsidiaries (the "Guarantors"). The guarantees are senior unsecured obligations of each of the Guarantors and will rank senior in right of payment to all existing and future subordinated indebtedness of the Guarantors and equal in right of payment to all indebtedness of such Guarantor that is not subordinated in right of payment to their guarantee, other than indebtedness that ranks senior to the guarantees by operation of law.

Redemption

At any time prior to April 24, 2021, KPLP may redeem up to 35.0% of the aggregate principal amount of the Notes at a redemption price of 106% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest to the date of redemption, with the net proceeds received by KPLP from certain equity offerings after the issue date.

At any time prior to April 24, 2021, KPLP may redeem the Notes, at a redemption price equal to the greater of (a) the Applicable Premium (as defined in the Indenture) and (b) 101% of the aggregate principal amount of the Notes redeemed, plus, in each case, accrued and unpaid interest, if any, to the applicable redemption date.

On or after April 24, 2021, KPLP may redeem all or part of the Notes at the following redemption prices, plus accrued and unpaid interest to the applicable redemption date, if redeemed during the 12-month period commencing April 24 of the year set forth below:

Year	Percentage
2021	104.5%
2022	103.0%
2023	101.5%
2024 and thereafter	100.0%

Change of Control

Upon the occurrence of a Change of Control of KPLP (as defined in the Indenture), KPLP will be required to offer to repurchase all or any part of each holder's Notes for a payment in cash equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest thereon to the purchase date.

Covenants

The Indenture contains certain restrictive covenants of KPLP, including, but not limited to, limitations on making certain restricted payments by KPLP or its Restricted Subsidiaries; restrictions on incurring certain indebtedness by KPLP or its Restricted Subsidiaries; restrictions on incurring certain liens by KPLP or its Restricted Subsidiaries; certain restrictions on transactions with affiliates, limitations on engaging in any line of business other than the businesses in which KPLP and the Restricted Subsidiaries were engaged on the date of issuance of the Notes, and any business reasonably related, incidental, complementary or ancillary thereto; limitations on creating any contractual restrictions on the ability of KPLP or its Restricted Subsidiaries to take certain actions, such as the payment of dividends or making of distributions; restrictions on consolidating, amalgamating or merging into any other person; and restrictions on selling, transferring, assigning, leasing, conveying or otherwise disposing of all or substantially all of the property of KPLP and the Restricted Subsidiaries taken as a whole.

Events of Default

The Indenture contains customary events of default such as non-payment, liquidation of assets, change of control, non-payment or acceleration of any indebtedness in an aggregate amount exceeding $25 million, insolvency and enforcement proceedings.

AgCredit Agreement

General

Subsidiaries of KPLP are party to a credit agreement dated as of November 19, 2018 entered into by, among others, KTG, TAD1 US LP, TAD2 US LP and KPSI, as borrowers, each guarantor from time to time party thereto, as guarantors, each lender from time to time party thereto, as lenders, American AgCredit, FLCA, as administrative agent and National Bank of Canada, as Canadian administrative agent (the "AgCredit Agreement") pursuant to which the following credit facilities were made available: (i) US$188 million term loan facility repayable by December 31, 2036 by quarterly principal instalment payments commencing on March 31, 2026 and bearing interest at a fixed rate based on the farm credit system cost of funds plus an applicable margin set at the time of each tranche draw, (ii) $111 million term loan repayable by December 31, 2025 by quarterly principal instalment payments commencing on March 31, 2022 and bearing interest at a floating interest rate based on CDOR plus an applicable margin, (iii) revolving loans of US$10 million and $12.5 million with a maturity date of December 31, 2023 with floating interest rates and a renewal option (the facility detailed in items (i) to (iii), collectively the "TAD Sherbrooke Project Facility", and (iv) US$147 million term loan repayable by December 31, 2036 by quarterly principal instalment payments commencing on March 31, 2022 and bearing interest at a 7.3% maximum fixed interest rate and repayable after a three-year lock-out period (the "KTG Facility").

The purpose of the TAD Sherbrooke Project Facility is to partially finance the TAD Sherbrooke Project. The purpose of the KTG Facility is to repay existing indebtedness of KTG and TAD Canco Inc.

Guarantees

The TAD Sherbrooke Project Facility and KTG Facility are each guaranteed by each of the borrowers and guarantors. All borrowers and guarantors (as such terms are defined in the AgCredit Agreement) granted first ranking security interests over all of their assets, present and future, movable and immovable, corporeal and incorporeal, to secure the obligations under the AgCredit Agreement. The TAD Sherbrooke Project Facility and the KTG Facility are both non-recourse to KPLP.

Redemption

The borrowers may voluntarily cancel or reduce the revolving loans, in whole or in part, without premiums or penalty. The borrowers shall have the right at any time to voluntarily prepay the entire amount or any amount outstanding of the term loans subject to minimum amounts and notice period. Prepayment shall be accompanied by the payment of all accrued and unpaid interest with respect to fixed rate advances. If all or any portion of the outstanding balance of a term loan is prepaid prepayment premiums may apply.

Covenants

The AgCredit Agreement requires the borrowers to comply with certain financial covenants. The financial covenants are calculated on a Combined Basis (as defined in the AgCredit Agreement).

The AgCredit Agreement contains customary affirmative covenants, including, but not limited to, delivery of financial and other information to the administrative agent, delivery of notice to the administrative agent upon the occurrence of certain material events, preservation of existence and authorizations, maintenance of insurance, compliance with laws, payment of taxes and other claims, limitation of transactions with affiliates and maintenance of security.

Events of Default

The AgCredit Agreement contains customary events of default such as non-payment, misrepresentation, breach of covenants and change of control.

IQ Debenture

General

On November 19, 2018, KPSI issued a 10-year convertible debenture in favour of IQ in the principal amount of $105 million (the “IQ Debenture”). The IQ Debenture is being used to partially finance the TAD Sherbrooke Project.

Interest Rates and Fees

Borrowings under the IQ Debenture bear interest at a fixed capitalized interest rate of 3%.

Redemption

The IQ Debenture is redeemable on a monthly basis commencing 36 months from the date of issuance, which payments KPSI undertakes to cause KPLP or Kruger Inc. to make, failing which IQ will have a conversion right on terms of conversion that would provide IQ with a 48% equity interest in KPSI if the entirety of the debenture was so converted.

Pursuant to a repayment agreement (the “Repayment Agreement”) between Kruger Inc., KPLP, KPSI, and IQ, KPLP has at its discretion, a priority right to make any required monthly redemption payment to IQ. The party that makes the redemption payment will receive common shares of KPSI as consideration of such payment. Pursuant to the Repayment Agreement, if Kruger Inc. makes all of the redemption payments, it will hold approximately 48% of KPSI.

Covenants

The IQ Debenture contains covenants including, but not limited to, the delivery of financial statements and other information.

Events of Default

The IQ Debenture contains customary events of default such as failure to convert, misrepresentation and breach of covenants.

Quebec PM Loan Agreement

General

KPLP is a party to a loan agreement dated as of August 9, 2016 entered into by KPLP, as borrower, and Investissement Québec (“IQ”) as lender (the “Quebec PM Loan Agreement”) pursuant to which a secured non-revolving loan in a maximum amount of $39.5 million (the “Quebec PM Loan”) is made available to KPLP. The Quebec PM Loan is being used to partially finance the acquisition and relocation of a paper machine to be installed at the Crabtree facility (the “PM Project”). The Quebec PM Loan Agreement matures ten years after the first loan disbursement, which occurred on September 6, 2016.

Interest Rates and Fees

Borrowings under the Quebec PM Loan bear interest at a fixed interest rate of 2.5% per annum for a period of seven years from the date of the first loan disbursement. The interest rate thereafter increases to a fixed rate of 3.5% per annum until the eighth anniversary of the first loan disbursement, a fixed rate of 4.5% per annum until the ninth anniversary of the first loan disbursement, and a fixed rate of 5.5% per annum thereafter. Monthly interest payments commence the month following the first loan disbursement.

Prepayments and Repayments

The Quebec PM Loan has a moratorium on repayment of the principal for the initial 24 months following the date of the first loan disbursement, after which the principal is to be repaid in 96 monthly consecutive payments. The monthly repayments are reduced, in the reverse order of maturity, by repayments to IQ corresponding to KPLP’s receipt of Government of Quebec electricity tariff rebates.

Covenants

The Quebec PM Loan Agreement contains covenants including, but not limited to, delivery of financial and other information to IQ, the preservation of existence, maintenance of insurance and maintenance of operations. The Quebec PM Loan Agreement also contains restrictions on the disposition of assets, incurrence of indebtedness and granting of liens, change of control and changes in the PM Project.

Events of Default

The Quebec PM Loan Agreement contains customary events of default such as non-performance, non-payment, misrepresentation, breach of covenants, cross-default to the Nordea Credit Facility (as defined below) and the Senior Credit Facility, insolvency and enforcement proceedings.

Security and Guarantees

The Quebec PM Loan is secured by the acquired paper machine and the portion of the property on which the paper machine is installed. The security is second ranking immediately after the security granted in favour of the Senior Credit Facility.

Nordea2 Credit Agreement

General

KPLP is party to a credit agreement dated as of November 2, 2018 entered into by KPLP, as borrower, the lender party thereto and Nordea Bank Abp Filial I Sverige, as administrative agent, as amended by an amendment letter dated November 19, 2018 (the "Nordea2 Credit Agreement") pursuant to which a senior secured non-revolving loan facility in a maximum amount of US$48.8 million (the "Nordea2 Credit Facility") was made available to KPLP. The Nordea2 Credit Facility is to be used to partially finance the TAD Sherbrooke Project and the fees of the Swedish Export Credits Guarantee Board (EKN) in connection with its guarantee of the Nordea2 Credit Facility. The Nordea2 Credit Facility matures on August 31, 2029.

Interest Rates and Fees

Borrowings under the Nordea2 Credit Facility bear interest at a fixed interest rate of 3.74% per annum, comprised of a Swedish state reported interest rate, risk premium and administrative margin.

Prepayments and Repayments

The Nordea2 Credit Facility is repayable in 17 equal consecutive semi-annual installments of principal together with interest commencing at the latest on August 28, 2021. Prepayments are allowed subject to a make-whole payment on account of interest losses.

Covenants

The covenants, financial covenants and negative covenants provided by KPLP under the Senior Credit Agreement are incorporated and made part of the Nordea2 Credit Agreement. See "Senior Credit Agreement — Covenants" above. The Nordea2 Credit Agreement contains restrictions on amendments to the Senior Credit Agreement and related security and other documents.

Events of Default

The Nordea2 Credit Agreement contains customary events of default such as non-payment, misrepresentation and breach of covenants and also provides for a cross-default to the Senior Credit Agreement and a default related to the termination or loss of the EKN guarantee.

Security and Guarantees

The Nordea2 Credit Agreement provides for pari passu security and guarantees on the assets and undertaking of KPLP and each Restricted Credit Party, the relationship between the lender and administrative agent under the Nordea Credit Agreement, the Nordea2 Credit Agreement and the administrative agent and the lenders under the Senior Credit Agreement being governed by a collateral agency and security sharing agreement.

Nordea Credit Agreement

General

KPLP was a party to a fourth amended and restated credit agreement dated as of April 24, 2018 entered into by KPLP, as borrower, the lender party thereto and Nordea Bank Abp Filial I Sverige (as successor of Nordea Bank

A.B. (publ)), as administrative agent, as amended by an amendment letter dated November 19, 2018 (the "Nordea Credit Agreement") pursuant to which a senior secured non-revolving loan facility in a maximum amount of US$46.2 million (the "Nordea Credit Facility") was made available to KPLP. The Nordea Credit Facility was used to pay up to 85% of the equity investment of KPLP in the Memphis TAD Machine and the fees of the Swedish Export Credits Guarantee Board (EKN) in connection with its guarantee of the Nordea Credit Facility. The Nordea Credit Facility matured on December 30, 2019.

Interest Rates and Fees

Borrowings under the Nordea Credit Facility bore interest at a fixed interest rate of approximately 3% per annum, comprised of a Swedish state reported interest rate, risk premium and administrative margin.

Prepayments and Repayments

The Nordea Credit Facility was repayable in 14 equal consecutive semi-annual installments of principal together with interest commencing on June 28, 2013. Prepayments were allowed subject to a make-whole payment on account of interest losses.

Covenants

The covenants, financial covenants and negative covenants provided by KPLP under the Senior Credit Agreement were incorporated and made part of the Nordea Credit Agreement. See "Senior Credit Agreement — Covenants" above. The Nordea Credit Agreement contained restrictions on amendments to the Senior Credit Agreement and related security and other documents.

Events of Default

The Nordea Credit Agreement contained customary events of default such as non-payment, misrepresentation and breach of covenants and also provided for a cross-default to the Senior Credit Agreement and a default related to the termination or loss of the EKN guarantee.

Security and Guarantees

The Nordea Credit Agreement provided for pari passu security and guarantees on the assets and undertaking of KPLP and each Restricted Credit Party, the relationship between the lender and administrative agent under the Nordea Credit Agreement, the Nordea2 Credit Agreement and the administrative agent and the lenders under the Senior Credit Agreement being governed by a collateral agency and security sharing agreement.

Ontario Loan Agreement

General

KPLP is a party to a conditional loan agreement dated as of July 1, 2015 entered into by KPLP, as borrower, and the Government of Ontario as lender (the "Ontario Loan Agreement") pursuant to which a secured non-revolving loan in a maximum amount of $10.0 million (the "Ontario Loan") is made available to KPLP. The Ontario Loan is being used to partially finance the expansion project at the Trenton facility. The Ontario Loan Agreement matures ten years after the first loan disbursement, which occurred on February 24, 2016.

Interest Rates and Fees

Borrowings under the Ontario Loan bear interest, up to a maximum rate of 4.4% per annum for a period of ten years from the date of the first loan disbursement. A portion of the loan interest is forgivable, subject to prescribed conditions.

Prepayments and Repayments

The Ontario Loan has a moratorium on repayment of the principal for the initial five years following the date of the first loan disbursement, after which the principal is to be repaid in five equal annual payments. A portion of the loan principal is forgivable, subject to prescribed conditions, up to a maximum forgivable portion of $5.0 million.

Covenants

The Ontario Loan Agreement contains covenants including, but not limited to, delivery of financial and other information to the Government of Ontario, the preservation of existence, maintenance of insurance, compliance with laws, payment of taxes, completion of project and limitations on project procurement. The Ontario Loan Agreement also contains restrictions on the disposition of assets and changing the nature of the business and an undertaking to comply with the negative covenants in the Senior Credit Agreement.

Events of Default

The Ontario Loan Agreement contains customary events of default such as non-performance, non-payment, misrepresentation, breach of covenants and abandonment of the project and also provides for a cross-default to the Senior Credit Agreement.

Security and Guarantees

The Ontario Loan is secured by the assets acquired for the expansion project at the Trenton facility.

Scotties License

Certain material provisions of the Scotties License are summarized under “The Business of KPLP — Intellectual Property”.

Other Material Agreements of KPLP

Certain material terms of each of the Limited Partnership Agreement, the Administration Agreement, the Exchange Agreement and the Non-Competition Agreement are summarized under “Material Contracts – Material Contracts of the Corporation”. Certain material terms of the Management Services Agreement, the Kruger Trademark License and the Master Supply Agreement are summarized under “The Business of KPLP – Commercial Relationship between Kruger and KPLP”.

DIVIDEND POLICY

KPLP Distribution Policy

The Limited Partnership Agreement provides that KPLP will, subject to applicable law and any contractual restrictions, make distributions to its partners during a given fiscal year in amounts sufficient as to enable the Corporation to discharge any federal and provincial income taxes payable by the Corporation on its income from KPLP during each fiscal year (the “Tax Distribution”). Any Tax Distribution shall be made to the partners prior to the date on which the relevant taxes are due and payable by the Corporation. During each year, advances will be made to the partners to cover periodic tax installment obligations.

Pursuant to the Limited Partnership Agreement, if KPLP is unable to make a Tax Distribution in accordance with the above, it will, subject to applicable law and any contractual restrictions (including under the Credit Agreement, the Nordea Credit Agreement and Indenture), advance sufficient funds to the Corporation in an amount equal to its share of such Tax Distribution by way of non-recourse, interest-free loans, repayable upon payment by KPLP of the required Tax Distribution.

In addition to the Tax Distribution, the KPGP Board has adopted a distribution policy which will consist of an annual distribution of $0.72 per KPLP Unit (approximately $40 million in the aggregate) to be paid on a quarterly basis ($0.18 per KPLP Unit) on the 15th day (or, if such day is not a business day, the immediately following business day) of January, April, July and October in each year. There is no assurance that KPLP will make any such distribution or maintain such distribution policy in the future and such distributions will depend, among other things, on KPLP's cash and capital requirements and surplus, financial condition and contractual obligations and restrictions. See "Risk Factors — Risks Related to the Corporation".

Distributions and Reinvestments

2019

On January 15, 2019, KPLP paid a distribution of $10.7 million. Pursuant to the KPLP DRIP, a portion of the distribution was reinvested by the partners and KPLP issued 875,273 additional KPLP Units at a price of $8.36 for the gross proceeds of $7.3 million.

On April 15, 2019, KPLP paid a distribution of $10.9 million. Pursuant to the KPLP DRIP, a portion of the distribution was reinvested by the partners and KPLP issued 839,801 additional KPLP Units at a price of $8.70 for the gross proceeds of $7.3 million.

On July 15, 2019, KPLP paid a distribution of $11.0 million. Pursuant to the KPLP DRIP, a portion of the distribution was reinvested by the partners and KPLP issued 909,630 additional KPLP Units at a price of $8.16 for the gross proceeds of $7.4 million.

On October 15, 2019, KPLP paid a distribution of $11.2 million. Pursuant to the KPLP DRIP, a portion of the distribution was reinvested by the partners and KPLP issued 1,097,033 additional KPLP Units at a price of $9.04 for the gross proceeds of $9.9 million.

On January 15, 2020, KPLP paid a distribution of $11.4 million. Pursuant to the KPLP DRIP, a portion of the distribution was reinvested by the partners and KPLP issued 1,016,179 additional KPLP Units at a price of $9.84 for the gross proceeds of $10.0 million.

2018

On January 15, 2018, KPLP paid a distribution of $10.4 million. Pursuant to the KPLP DRIP, a portion of the distribution was reinvested by the partners and KPLP issued 361,174 additional KPLP Units at a price of $13.50 for the gross proceeds of $4.9 million.

On April 16, 2018, KPLP paid a distribution of $10.4 million. Pursuant to the KPLP DRIP, a portion of the distribution was reinvested by the partners and KPLP issued 457,788 additional KPLP Units at a price of $10.70 for the gross proceeds of $4.9 million.

On July 16, 2018, KPLP paid a distribution of $10.5 million. Pursuant to the KPLP DRIP, a portion of the distribution was reinvested by the partners and KPLP issued 506,143 additional KPLP Units at a price of $9.72 for the gross proceeds of $4.9 million.

On October 15, 2018, KPLP paid a distribution of $10.6 million. Pursuant to the KPLP DRIP, a portion of the distribution was reinvested by the partners and KPLP issued 571,255 additional KPLP Units at a price of $8.74 for the gross proceeds of $5.0 million.

2017

On January 16, 2017, KPLP paid a distribution of $10.1 million. Pursuant to the KPLP DRIP, a portion of the distribution was reinvested by the partners and KPLP issued 309,196 additional KPLP Units at a price of $15.25 for the gross proceeds of $4.7 million.

On April 17, 2017, KPLP paid a distribution of $10.2 million. Pursuant to the KPLP DRIP, a portion of the distribution was reinvested by the partners and KPLP issued 309,183 additional KPLP Units at a price of $15.30 for the gross proceeds of $4.7 million.

On July 17, 2017, KPLP paid a distribution of $10.3 million. Pursuant to the KPLP DRIP, a portion of the distribution was reinvested by the partners and KPLP issued 357,887 additional KPLP Units at a price of $13.23 for the gross proceeds of $4.7 million.

On October 16, 2017, KPLP paid a distribution of $10.3 million. Pursuant to the KPLP DRIP, a portion of the distribution was reinvested by the partners and KPLP issued 321,985 additional KPLP Units at a price of $14.81 for the gross proceeds of $4.8 million.

Corporation Dividend Policy

Dividends on the Common Shares of the Corporation will be at the discretion of the Corporation Board. It is the intention of the Corporation that all regular distributions received from KPLP other than Tax Distributions, be distributed to shareholders on an on-going basis, subject to applicable corporate law (including the required satisfaction of the solvency and liquidity tests imposed by the *Canada Business Corporations Act*). There can be no guarantee that this policy will remain in effect. If this dividend policy is maintained, and if the Corporation receives a regular annual distribution from KPLP on a quarterly basis, it will pay a corresponding dividend in an amount of $0.72 per Common Share per annum to be paid on a quarterly basis ($0.18 per Common Share) on the 15th day (or, if such day is not a business day, the immediately following business day) of January, April, July and October in each year.

Dividends and Reinvestments

2019

On January 15, 2019, the Corporation paid a dividend of $0.18 per Common Share to shareholders. Pursuant to the Corporation DRIP, a portion of the dividend was reinvested by the shareholders, resulting in the Corporation issuing 65,308 Common Shares at a price of $8.36. The proceeds were used to acquire additional KPLP Units.

On April 15, 2019, the Corporation paid a dividend of $0.18 per Common Share to shareholders. Pursuant to the Corporation DRIP, a portion of the dividend was reinvested by the shareholders, resulting in the Corporation issuing 48,921 Common Shares at a price of $8.70. The proceeds were used to acquire additional KPLP Units.

On July 15, 2019, the Corporation paid a dividend of $0.18 per Common Share to shareholders. Pursuant to the Corporation DRIP, a portion of the dividend was reinvested by the shareholders, resulting in the Corporation issuing 53,328 Common Shares at a price of $8.16. The proceeds were used to acquire additional KPLP Units.

On October 15, 2019, the Corporation paid a dividend of $0.18 per Common Share to shareholders. Pursuant to the Corporation DRIP, a portion of the dividend was reinvested by the shareholders, resulting in the Corporation issuing 49,389 Common Shares at a price of $9.04. The proceeds were used to acquire additional KPLP Units.

On January 15, 2020, the Corporation paid a dividend of $0.18 per Common Share to shareholders. Pursuant to the Corporation DRIP, a portion of the dividend was reinvested by the shareholders, resulting in the Corporation issuing 34,545 Common Shares at a price of $9.84. The proceeds were used to acquire additional KPLP Units.

2018

On January 15, 2018, the Corporation paid a dividend of $0.18 per Common Share to shareholders. Pursuant to the Corporation DRIP, a portion of the dividend was reinvested by the shareholders, resulting in the Corporation issuing 38,122 Common Shares at a price of $13.50. The proceeds were used to acquire additional KPLP Units.

On April 16, 2018, the Corporation paid a dividend of $0.18 per Common Share to shareholders. Pursuant to the Corporation DRIP, a portion of the dividend was reinvested by the shareholders, resulting in the Corporation issuing 47,482 Common Shares at a price of $10.70. The proceeds were used to acquire additional KPLP Units.

On July 16, 2018, the Corporation paid a dividend of $0.18 per Common Share to shareholders. Pursuant to the Corporation DRIP, a portion of the dividend was reinvested by the shareholders, resulting in the Corporation issuing 50,670 Common Shares at a price of $9.72. The proceeds were used to acquire additional KPLP Units.

On October 15, 2018, the Corporation paid a dividend of $0.18 per Common Share to shareholders. Pursuant to the Corporation DRIP, a portion of the dividend was reinvested by the shareholders, resulting in the Corporation issuing 60,020 Common Shares at a price of $8.74. The proceeds were used to acquire additional KPLP Units.

2017

On January 16, 2017, the Corporation paid a dividend of $0.18 per Common Share to shareholders. Pursuant to the Corporation DRIP, a portion of the dividend was reinvested by the shareholders, resulting in the Corporation issuing 30,162 Common Shares at a price of $15.25. The proceeds were used to acquire additional KPLP Units.

On April 17, 2017, the Corporation paid a dividend of $0.18 per Common Share to shareholders. Pursuant to the Corporation DRIP, a portion of the dividend was reinvested by the shareholders, resulting in the Corporation issuing 29,419 Common Shares at a price of $15.30. The proceeds were used to acquire additional KPLP Units.

On July 17, 2017, the Corporation paid a dividend of $0.18 per Common Share to shareholders. Pursuant to the Corporation DRIP, a portion of the dividend was reinvested by the shareholders, resulting in the Corporation issuing 32,447 Common Shares at a price of $13.23. The proceeds were used to acquire additional KPLP Units.

On October 16, 2017, the Corporation paid a dividend of $0.18 per Common Share to shareholders. Pursuant to the Corporation DRIP, a portion of the dividend was reinvested by the shareholders, resulting in the Corporation issuing 29,287 Common Shares at a price of $14.81. The proceeds were used to acquire additional KPLP Units.

Distribution Reinvestment Plan of KPLP

Pursuant to the Limited Partnership Agreement, unit holders are permitted to elect to receive distributions of KPLP payable to them (other than distributions which represent a Tax Distribution) in additional KPLP Units at a price per KPLP Unit equal to 100% of the 5-day weighted average trading price of the Common Shares prior to the date of payment of the distribution (the KPLP DRIP). Pursuant to the Limited Partnership Agreement, the Corporation is only permitted to participate in the KPLP DRIP to the extent required to accommodate participation by holders of Common Shares in the Corporation DRIP, such that the number of KPLP Units issued to the Corporation from time to time pursuant to the KPLP DRIP is equivalent to the number of Common Shares issued from time to time pursuant to the Corporation DRIP. Kruger has indicated that it intends to participate in the KPLP DRIP with respect to the distributions payable to it on a significant portion of the KPLP Units that it beneficially owns from time to time.

Dividend Reinvestment Plan of the Corporation

The Corporation has adopted a dividend reinvestment plan (the Corporation DRIP), which permits shareholders that elect to participate in the Corporation DRIP to automatically reinvest all cash dividends in additional Common Shares at a price per Common Share equal to 100% of the 5-day weighted average trading price of the Common Shares prior to the date of payment of the dividend. The Corporation intends to participate in the KPLP DRIP with respect to distributions payable to it for a number of KPLP Units equal to the number of Common Shares issued under the Corporation DRIP. No brokerage commission will be payable in connection with the issuance or purchase of Common Shares under the Corporation DRIP and all administrative costs will be borne by KPLP. Only Canadian shareholders are eligible to participate in the Corporation DRIP. Participation in the Corporation DRIP will be subject to compliance by participants with applicable securities laws and Common Shares acquired under the Corporation DRIP may be subject, in certain circumstances, to resale restrictions, based upon, among other things, a participant's jurisdiction of residence and shareholdings.

DESCRIPTION OF CAPITAL STRUCTURE

The Corporation's authorized share capital consists of an unlimited number of Common Shares. There are currently 9,660,698 Common Shares issued and outstanding. Pursuant to the Exchange Agreement, Kruger has the right to exchange KPLP Units it holds from time to time for Common Shares on the basis of one KPLP Unit for one Common Share, subject to adjustment as set out in the Exchange Agreement. If Kruger were to exchange all KPLP Units held by it as of March 13, 2020 for Common Shares, it would hold approximately 85.0% of the issued and outstanding Common Shares.

Description of the Common Shares

The holders of Common Shares are entitled to receive notice of and to attend all annual and special meetings of shareholders and to one vote in respect of each Common Share held at all such meetings, except at separate meetings of or on separate votes by the holders of another class or series of shares. The holders of the Common Shares are entitled, at the discretion of the Corporation Board, to receive out of any or all of the Corporation's profits or surplus properly available for the payment of dividends (after the payment of any dividends payable on our securities entitled to receive dividends in priority to the Common Shares), any dividend declared by the Corporation Board and payable by the Corporation on the Common Shares. The holders of the Common Shares will participate rateably in any distribution of the Corporation's assets upon liquidation, dissolution or winding-up of the Corporation or other distribution of the Corporation's assets among its shareholders for the purpose of winding up the Corporation's affairs. Such participation will be subject to the rights, privileges, restrictions and conditions attached to any of the Corporation's securities issued and outstanding at such time ranking in priority to the Common Shares upon the Corporation's liquidation, dissolution or winding-up.

MARKET FOR SECURITIES

The Common Shares are listed for trading on the TSX under the symbol “KPT”. The following table shows the monthly range of high and low prices per Common Share at the close of market (TSX), as well as total monthly volumes and average daily volumes of the Common Shares traded on the TSX for 2019:

Month	Price per Common Share ($) Monthly High	Price per Common Share ($) Monthly Low	Common Shares Total Monthly Volume	Common Shares Average Daily Volume
January	9.54	7.82	383,708	16,683
February	9.29	8.57	318,917	13,866
March	9.55	8.50	461,811	21,991
April	9.29	8.15	252,510	12,024
May	8.28	7.73	276,262	13,155
June	8.31	7.79	271,349	11,306
July	8.42	8.00	223,178	11,159
August	9.15	7.94	481,098	21,868
September	9.74	8.52	261,094	11,868
October	9.42	8.58	120,176	6,009
November	10.10	8.52	376,739	15,697
December	9.92	9.51	217,479	10,874

DIRECTORS AND OFFICERS

The following table sets out, for each of the Corporation's directors and executive officers as of March 30, 2020, the person's name, province and country of residence, positions and offices held with the Corporation, principal occupation during the five preceding years and, if a director, the period during which the person served as a director and whether or not such person sits on a committee of the Corporation Board. The Corporation's directors are elected annually and, unless re-elected, retire from office at the end of the next annual general meeting of shareholders. The Corporation's directors and executive officers beneficially own, or control or direct, directly or indirectly, approximately 37,540 Common Shares.

Name and Province or State and Country of Residence	**Position(s) / Title**	**Director Since**	**Principal Occupation For Past 5 Years**
Michael Korenberg[(1)(2)]................. British Columbia, Canada	Director (Chair)	2016	Chairman and Managing Director of Wreath Group Holdings Inc. (December 2015 – present) and President of Guinness Business Centre Ltd. (September 2016 – present); Deputy Chairman and Managing Director of The Jim Pattison Group (December 1995 – December 2015)
James Hardy[(1)(2)]........................... Ontario, Canada	Director	2014	Chief Investment Officer and CFO of Revera Inc. (April 2015 – present); Chief Financial Officer of Revera Inc. (January 2013 – April 2015); Chief Financial Officer of Public Mobile Inc. (October 2009 – December 2012).
Michel Letellier[(1)(2)]...................... Québec, Canada	Director	2012	President and Chief Executive Officer of Innergex Renewable Energy Inc. (October 2007 – present)
Louise Wendling......................... Québec, Canada	Director	2018	Country Manager Costco Canada (2001 – May 2014)
Dino Bianco................................ Ontario, Canada	Chief Executive Officer	N/A	Chief Executive Officer of KPLP (March 9, 2018 – present); Board Director of Welbilt Foodservice (March 2016 - present) and Andrew Peller Ltd. (September 2016 - January 2018); EVP and President of Beverages Division of Kraft Foods (February 2013 - April 2015).
Mark Holbrook .... Ontario, Canada	Chief Financial Officer	N/A	Chief Financial Officer of KPLP (October 2012 – present); Corporate Vice President Finance and IT and Chief Financial Officer (November 2011 – October 2012); Corporate Vice President, Finance and Information Technology of

Name and Province or State and Country of Residence	Position(s) / Title	Director Since	Principal Occupation For Past 5 Years
			KPLP (May 2007 – November 2011)
François Paroyan .... Ontario, Canada	General Counsel and Corporate Secretary	N/A	SVP, General Counsel & Corporate Affairs (2018 – present); General Counsel and Corporate Secretary of KPLP (July 2015 – present); Corporate Vice President HR (January 2016 – Oct 2018); Director HR and General Counsel BASF Canada (April 2008 – April 2015)

(1) Member of the Corporation Audit Committee
(2) Member of the Corporation Nominating and Governance Committee

The Corporation has appointed Dino Bianco as Chief Executive Officer, Mark Holbrook as Chief Financial Officer and François Paroyan as General Counsel and Corporate Secretary of the Corporation. None of them has an employment contract or relationship of employment with the Corporation and they receive no remuneration for such functions. Their respective principal occupation is Chief Executive Officer, Chief Financial Officer and General Counsel and Corporate Secretary of KPLP. In addition, most of the functions normally carried out by a corporation's officers, including the Chief Executive Officer, the Chief Financial Officer and Secretary, is in fact carried out for the Corporation by KPLP under the Administration Agreement (as defined herein). See "Material Contracts — Material Contracts of the Corporation — Administration Agreement".

Each of the directors and executive officers of the Corporation is also a director of KPGP or an officer of KPLP. Each of their respective biographies is set out under "Directors and Executive Officers of KPLP — Biographies", below.

Directors and Executive Officers of KPLP

The following table sets out, for each of KPGP's directors and KPLP's executive officers as of March 30, 2020, the person's name, province and country of residence, positions and offices held with KPLP, principal occupation during the five preceding years and, if a director, the period during which the person served as a director and whether or not such person sits on a committee of the KPGP Board. KPGP's directors are elected annually and, unless re-elected, retire from office at the end of the next annual meeting of partners. KPGP's directors and KPLP's executive officers beneficially own, or control or direct, directly or indirectly, approximately 99,023 Common Shares. In addition, Joseph Kruger II indirectly controls Kruger Inc. which has the right pursuant to the Exchange Agreement to exchange each of its 54,644,317 KPLP Units for Common Shares on a one for one basis, subject to adjustment. See "Material Contracts — Material Contracts of the Corporation — Exchange Agreement".

Name and Province or State and Country of Residence	Position(s) / Title	Director Since	Principal Occupation For Past 5 Years
Joseph Kruger II[1] .... Québec, Canada	Director (Chair)	2012	Chair and Chief Executive Officer of Kruger (1998 – present)
David Angel .... Québec, Canada	Director	2014	Executive Vice President and Chief Financial Officer of Kruger Inc. (February 2013 – present); Director, Scotiabank (1999 – February 2012)
Dino Bianco .... Ontario, Canada	Director Chief Executive Officer	2018	Chief Executive Officer of KPLP (March 9, 2018 – present); Board Director of Welbilt Foodservice (March 2016 - present) and Andrew Peller Ltd. (September 2016 - January 2018); EVP and President of Beverages Division of Kraft Foods (February 2013 - April 2015).
James Hardy[2][3] .... Ontario, Canada	Director	2014	Chief Investment Officer and CFO of Revera Inc. (April 2015 – present); Chief Financial Officer of Revera Inc. (January 2013 – April 2015); Chief Financial Officer of Public Mobile Inc. (October 2009 – December 2012).
Michael Korenberg[2][3] .... British Columbia, Canada	Director	2016	Managing Director of Wreath Group Holdings Inc. (December 2015 – present); Managing Director of The Jim Pattison Group (December 1995 – December 2015)
Gene Kruger[2] .... Québec, Canada	Director	2018	Vice President of Business Development of Kruger (February 2015 – Present)
Sarah Kruger Québec, Canada	Director	2020	Board Member of Kruger (2008-present)
Michel Letellier[1][3] .... Québec, Canada	Director	2012	President and Chief Executive Officer of Innergex Renewable Energy Inc. (October 2007 – present)
David Spraley.............................. Québec, Canada	Director	2012	Executive Vice President and Chief Operating Officer of Kruger (April 2012 – present); Executive Vice President, Corporate Development of Kruger (August 2011 – April

Name and Province or State and Country of Residence	Position(s) / Title	Director Since	Principal Occupation For Past 5 Years
			2012); Senior Vice President – Manufacturing, Pulp and Paper Operations of AbitibiBowater Inc. (now Resolute Forest Products Inc.) (August 2006 – June 2011)
Louise Wendling......................... Québec, Canada	Director	2018	Country Manager Costco Canada (2001 – May 2014)
Mina Fior .... Ontario, Canada	SVP Human Resources	N/A	SVP Human Resources (October 2018 – present); VP Human Resources Aramark Canada (2016 -2018); Vice President HR Canada, Kraft Foods Inc. (2012 – 2015).
Gordon Goss .... Florida, USA	SVP and GM Consumer Business USA and Mexico	N/A	SVP and GM Consumer Business USA and Mexico (May 2018 – present); Corporate Vice President, Consumer Business USA and Mexico of KPLP (February 2011 – May 2018); Division Vice President (February 2004 – February 2011)
Mark Holbrook......................... Ontario, Canada	Chief Financial Officer	N/A	Chief Financial Officer of KPLP (October 2012 – present); Corporate Vice President, Finance and IT and Chief Financial Officer (November 2011 – October 2012); Corporate Vice President, Finance and Information Technology of KPLP (May 2007 – November 2011)
Susan Irving .... Ontario, Canada	Chief Marketing Officer	N/A	Chief Marketing Officer of KPLP (March 1, 2020 – present); Sr. Director & CMO Quaker Nutrition Team at PepsiCo Canada (May 2018 – present); Sr. Director of Marketing, Global Snacks Group at PepsiCo Global Groups (May 2016 – May 2018)
Michel Manseau .... Ontario, Canada	SVP and GM Consumer Business Canada	N/A	SVP and GM Consumer Business Canada (May 2018 – present); Corporate Vice President, Consumer Sales Canada of KPLP (May 2007 – May 2018)
John O'Hara............................. Ontario, Canada	SVP and GM AFH Business	N/A	SVP and GM AFH Business (May 1, 2019 – present); Corporate Vice President, Business Logistics of KPLP

Name and Province or State and Country of Residence	Position(s) / Title	Director Since	Principal Occupation For Past 5 Years
			(November 2009 – August 30, 2019; Vice President, Business Logistics of KPLP (September 2007 – November 2009)
François Paroyan .... Ontario, Canada	SVP General Counsel and Corporate Affairs and Corporate Secretary	N/A	SVP General Counsel and Corporate Affairs and Corporate Secretary of KPLP (Oct 2018 – present); General Counsel and Corporate Secretary of KPLP (July 2015 – Oct 2018) Corporate Vice President of Human Resources (January 2016 – present)**;** Director HR and General Counsel BASF Canada (April 2008 – April 2015)
Chuck Stewart .... British Columbia, Canada	Corporate Vice President Technology and Product Development	N/A	Corporate Vice President, Technology and Product Development (October 2017 – present); General Manager Region West Manufacturing of KPLP (July 2006 – October 2017)

(1) Member of KPGP Compensation Committee
(2) Member of KPGP Governance Committee
(3) Member of KPGP Audit Committee

Biographies

Joseph Kruger II, Director (Chair)

Joseph Kruger II has been the Chair and Chief Executive Officer of Kruger since 1988. Prior to1988, Mr. Kruger held various senior management positions within the company, during which time the company has been expanded and has implemented numerous successful acquisitions and modernization projects. Mr. Kruger has played a vital role at Kruger since his graduation from Clarkson University, Potsdam, New York in 1967, where he earned a Bachelor of Science degree in Mechanical Engineering. Mr. Kruger also received an honoris causa Doctorate in Science from Clarkson University in 1987.

Mr. Kruger served for ten years as a trustee of Clarkson University, first as an alumni trustee and later as a trustee. He has been a member of the Board's Campus Life Development and Investment Committees. He received an Honorary Doctor of Laws degree from Memorial University in May, 1996. He also received an honoris causa Doctorate from the University of Sherbrooke in October, 1998. On October 8th 2002, Mr. Kruger received an Honorary Doctorate degree from the Université du Québec à Trois-Rivières. On June 11th, 2006 Mr. Kruger received an honoris causa Docteur en sciences forestières from Université Laval.

Mr. Kruger is a past Director of the Bank of Canada. On January 23rd, +1994, Mr. Kruger received one of Québec's highest distinctions, Knight of the Order of Québec (Chevalier de l'Ordre national du Québec) for his outstanding support and commitment to education, science, technology and research. In addition, on February 4th, 1998 he was appointed as a Member of the Order of Canada.

Mr. Kruger is also Chair of the KPGP Compensation Committee.

David Angel, Director

David Angel is Executive Vice President and Chief Financial Officer of Kruger.

Before joining Kruger Inc., Mr. Angel worked for the Bank of Nova Scotia for 16 years initially as Account Officer within the Corporate Banking Division for two years before assuming the title of Director, Scotia Capital – Corporate Banking, from 1999 to 2012. As such he assisted leading public and private companies in Quebec, offering a wide range of expert services focused on lending products and other credit-intensive banking products and services. His broad banking experience includes working on many large mergers and acquisitions in which the bank provided bridge and permanent financing.

Mr. Angel holds an MBA, Bachelor degrees in Arts, Civil Engineering and Civil Law from McGill University.

Dino Bianco, Chief Executive Officer

Mr. Bianco was appointed Chief Executive Officer on March 9, 2018.

He is an accomplished and highly respected executive who brings over 25 years of financial, sales & marketing and senior management experience with Kraft. As President of Kraft Canada, Mr. Bianco successfully led a business with several billion in sales, 23 brands, 11 facilities and with more than 5,000 employees. Mr. Bianco has also developed a strong relationship with Canadian retailers and in 2013 was the recipient of the Food Industry Association of Canada's "Golden Pencil" award recognizing his lifetime contribution to the grocery sector. Furthermore, he has extensive U.S. and foodservice experience having recently served as President of Kraft's multi-billion U.S. Beverage division based in Chicago. During his tenure, he was responsible for driving significant growth, profits and innovation.

Mr. Bianco holds a Bachelor of Commerce from the University of Toronto and is a Chartered Professional Accountant. He currently sits on the Board of Welbilt Foodservice (WBT.NYSE).

James Hardy, Independent Director

James Hardy is the Chief Investment Officer and Chief Financial Officer of Revera Inc. providing strategic leadership to Revera's finance team. Prior to joining Revera, Mr. Hardy was Chief Financial Officer at Public Mobile Inc. from 2009 to 2012. Prior to that, he spent a year as President of J. Richmond & Co. Mr. Hardy has over 28 years' experience as a corporate executive, investment banker and entrepreneur.

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

Mr. Hardy sits on the Board of Directors of Sunrise Senior Living and Signature Seniors Lifestyle.

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

Michael Korenberg, Independent Director

Michael Korenberg is Chairman & Managing Director of Wreath Group Holdings Inc., a private investment and M&A consulting firm, and President of Guinness Business Centre Ltd., which offers business services. Michael is Governor and the elected Chair of the Board of Governors of The University of British Columbia. Michael currently serves as a director of reporting issuer HSBC Bank Canada.

Until December 31, 2015, Michael Korenberg was the Deputy Chairman & Managing Director of The Jim Pattison Group where he led corporate development efforts for 20 years. Prior to joining The Jim Pattison Group, Mr. Korenberg was the Deputy Chairman and Chief Operating Officer of Orca Bay Sports & Entertainment, and before that, a partner at Blake, Cassels & Graydon (Canadian law firm).

Mr. Korenberg earned a Bachelor of Arts from Carleton University and a Juris Doctor from Osgoode Hall Law School. He is a member of the Dean's Advisory Committee for the Centre for Business Law, a member of the Law Societies of Ontario and British Columbia.

Mr. Korenberg is the non-executive (and independent) Chairman of the Corporation's Board and sits on the Corporation's Audit Committee, and Nominating and Governance Committee, the KPGP Audit Committee and KPGP Governance Committee.

Gene Kruger, Director

Gene Kruger was appointed Vice President, Business Development of Kruger Inc. in 2015. In this capacity he is involved in the development of all of Kruger Inc.'s business units which include Tissue Products, Renewable Energy, Publication Papers, Speciality Papers, Containerboard, Eco-Friendly Packaging Products, Recycling, Cellulosic Biomaterials, Real Estate Development and Wines and Spirits.

Prior to joining Kruger Inc., Gene Kruger was an associate with McCarthy Tetrault from 2008 to 2015, specializing in commercial, civil and administrative litigation.

Mr. Kruger earned a law degree from McGill University and a Bachelor of Philosophy with Honours from McGill University. He is a member of the Quebec Bar. Mr. Kruger sits on the Board of Directors of Pop Montreal International Music Festival (a not-for- profit).

Mr. Kruger is Chair of the KPGP Governance Committee.

Sarah Kruger, Director

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

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

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

Michel Letellier, Independent Director

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

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

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

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

Mr. Letellier is a member of the Corporation Audit Committee, Chair of the Corporation Nominating and Governance Committee, a member of the KPGP Audit Committee, as well as the KPGP Compensation Committee.

David Spraley, Director

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

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

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

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

Mr. Spraley is on the KPGP Compensation Committee.

Louise Denys Wendling, Director

Louise Denys Wendling is a retired executive with over 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 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. 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.

Mina Fior, Senior Vice President Human Resources

Mina Fior was appointed Senior Vice President, Human Resources in October, 2018. Prior to joining KPLP, Ms. Fior worked as the Vice President Human Resources at Aramark Canada. Ms. Fior is a trusted business partner and senior executive with over 30 years of HR experience in the consumer packaged goods, retail, food service and manufacturing industries. She graduated from York University with a Bachelor of Arts degree and also obtained CHRL designation from the Human Resources Professional Association.

Gordon Goss, Senior Vice President and General Manager, Consumer Business USA and Mexico

Gordon Goss was appointed Senior Vice President and General Manager, Consumer Business USA and Mexico in May 2018. Since 2011 Mr. Goss was Corporate Vice President, Consumer Business USA and Mexico of Kruger Products USA. He joined Scott Paper Limited (now KPLP) in 1991 and held many sales and marketing management positions with that company in both Canada and the United States. Mr. Goss was transferred to the U.S. market in 2004 as one of the first members of the U.S. expansion management team, and member of the management team responsible for the expansion into the Mexican market.

Mr. Goss completed the Columbia University General Management Leadership program and has a Bachelor of Arts degree from York University.

Mark Holbrook, Chief Financial Officer

Mark Holbrook was appointed Chief Financial Officer of KPLP in 2012. He acted as Corporate Vice President, Finance and Information Technology from 2007 until his appointment as Chief Financial Officer and, prior to that time, as Corporate Vice President, Finance (appointed in 2004). His career at Kruger began in 1998.

Mr. Holbrook has over 32 years of experience in the consumer packaged goods industry, including 12 years with Unilever Canada.

Mr. Holbrook has a Chartered Professional Accountant designation (CPA, CA) and holds a Bachelor of Business Administration degree from Wilfrid Laurier University.

Susan Irving, Chief Marketing Officer

Susan (Banbury) Irving was appointed Chief Marketing Officer of KPLP on March 1st 2020. Ms. Irving is an accomplished, award-winning senior marketing executive with over two decades of experience leading many successful and well-known brands at Warner Lambert, Coca-Cola and PepsiCo. She has a strong passion for brands and building high performance teams. Ms. Irving is a strategic business leader with experience that spans across all aspects of business management and consumer marketing. Most recently at PepsiCo Foods Canada, Ms. Irving was the Senior Marketing Director for the Quaker Nutrition portfolio. During her 15 years at PepsiCo, she held several progressive roles including leadership of a Global Snacks team and has worked on key brands such as Doritos, Cheetos, Lays and Sun Chips.

Ms. Irving has a Bachelor of Commerce Degree with honours from Laurentian University and has been recognized with several industry accolades including CMAs, Cassies, Cannes Lions, The Bessies, Media Innovation Awards and Canadian New Media Awards. She is currently the President of the Board of Directors of the Leaside Hockey Association and Jury Chair for the prestigious Cannes Young Lions Competition.

Michel Manseau, Senior Vice President and General Manager, Consumer Business Canada

Michel Manseau was appointed Senior Vice President and General Manager Consumer Business Canada (KPLP) in May 2018. Prior to that time, Mr. Manseau acted as Corporate Vice President, Consumer Sales Canada (KPLP) from May 2007 to May 2018. He joined Scott Paper Limited (now KPLP) in 1988 and held many sales positions with that company in both Canada and the United Kingdom.

Mr. Manseau holds a Bachelor of Business Administration degree from the Université du Québec à Montréal and is actively involved in numerous industry committees and boards including: Canadian Federation of Independent Grocers (CFIG) – Chair of the Associated Member's Council; Food and Consumer Products (FCPC) – Industry Affairs Executive Council Member; and GS1 Canada – Grocery Sector Board Member.

John O'Hara, SVP Senior Vice President & General Manager, Away from Home

John O'Hara was appointed Senior Vice President and General Manager, AFH in May 2019. Prior to his recent appointment, Mr. O'Hara held the position of Vice President, Business Logistics of KPLP from 2007 and Corporate Vice President, Logistics from 2009. Prior to joining KPLP, he worked with Deloitte Consulting in the Strategy and Operations Group. During his tenure with Deloitte, Mr. O'Hara was focused on the Consumer Products Industry in the Supply Chain competency. He has worked successfully on projects with Perrier, Parmalat and Dreyer's Ice Cream.

Mr. O'Hara has an undergraduate degree in Economics from the University of Western Ontario and his MBA from McMaster University.

François Paroyan, Corporate *Secretary and SVP, General Counsel and Corporate Affairs*

François Paroyan was appointed SVP, General Counsel and Corporate Affairs in October 2018 and continues to be the Corporate Secretary since his appointment in 2015. Prior to his recent appointment, Mr. Paroyan held the position of General Counsel and Corporate Vice President, Human Resources from January 4, 2016 to August 2018. Prior to joining KPLP, Mr. Paroyan worked seven years as a Legal & HR executive with a global chemical company, BASF Canada. He also acquired significant experience in the retail and food industry while working as a Legal and Labour Relations Professional for over eleven years at George Weston and Loblaw Companies.

Mr. Paroyan received his LL.B. and B.Soc.Sc. from the University of Ottawa. He is also called to the Bar in the Province of Ontario.

Chuck Stewart, Corporate Vice President, Technology and Product Development

Chuck Stewart was appointed Corporate Vice President Technology and Product Development of KPLP in October 2017. Previously, Mr. Stewart acted as General Manager, Region West Manufacturing (appointed in 2006). He has been with the company for 29 years in various roles in manufacturing and technology and product development.

Mr. Stewart holds a BASc in Mechanical Engineering from the University of British Columbia and an MBA from Queen's University.

Cease Trade Orders or Bankruptcies

David Spraley was an executive officer of AbitibiBowater Inc. (now Resolute Forest Products) from 2006 to 2011. In 2009, AbitibiBowater Inc., together with certain of its U.S. and Canadian subsidiaries, filed voluntary petitions in the United States Bankruptcy Court for the District of Delaware for relief under the provisions of Chapter 11 and Chapter 15 of the United States Bankruptcy Code, as amended, and certain of its Canadian subsidiaries sought creditor protection under the Companies' Creditors Arrangement Act with the Superior Court of Québec in Canada. AbitibiBowater Inc. emerged from its process pursuant to the Companies' Creditors Arrangement Act as of December 9, 2010. On the same date its directors were released from any obligations they may have had to AbitibiBowater Inc.'s creditors. On November 23, 2010 AbitibiBowater Inc. secured a confirmation Order of its Plan of Reorganization under Chapter 11 of the Bankruptcy Code (As Amended). On December 9, 2010, the Plan became effective. With the exception of the foregoing, to the knowledge of the Corporation (in respect of the directors and executive officers of the Corporation) and to the knowledge of KPLP (in respect of the directors of KPGP and executive officers of KPLP), in the last ten years, no director or executive officer of the Corporation or KPLP has been a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets. Also, to the knowledge of the Corporation (in respect of the directors and executive officers of the Corporation) and to the knowledge of KPLP (in respect of the directors of KPGP and executive officers of KPLP), in the last ten years, no director or executive officer of the Corporation or KPLP has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets.

To the knowledge of the Corporation (in respect of the directors and executive officers of the Corporation) and to the knowledge of KPLP (in respect of the directors of KPGP and executive officers of KPLP), in the last ten years, no director or executive officer of the Corporation or KPLP is or has been a director or executive officer of any other issuer that, while that person was acting in that capacity (i) was the subject of a cease trade order or similar order, or an order that denied the other issuer access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days, that was issued (i) while such person was acting in that capacity; or (ii) after such person was acting in that capacity and which resulted from an event that occurred while that person was acting in such capacity.

Penalties or Sanctions

No director or executive officer of the Corporation or KPLP has been subject to:

(a) 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) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Conflicts of Interest

To the best of the Corporation's knowledge, there are no known existing or potential conflicts of interest among the Corporation and its directors or executive officers except that certain of the Corporation's directors and executive officers also serve as directors and officers of other companies and, in particular: (i) each of the directors of the Corporation are directors of KPGP, (ii) Louise Denys Wendling was nominated to the Corporation Board by Kruger and sits on the Advisory Board of Kruger, (iii) Dino Bianco, the Corporation's Chief Executive Officer, is the Chief Executive Officer of KPLP and (iv) Mark Holbrook, the Corporation's Chief Financial Officer, is the Chief Financial Officer of KPLP. To the extent that the interests of those other companies, including Kruger and KPGP, differ from those of the Corporation, conflicts of interest may arise.

To the best of KPLP Management's knowledge, there are no known existing or potential conflicts of interest among KPLP and its directors or executive officers except that certain of KPLP's directors and executive officers also serve as directors and officers of other companies. In particular, numerous directors and officers of KPGP are also directors and/or officers of Kruger and its affiliates. To the extent that the interests of those other companies, including Kruger, differ from those of KPLP, conflicts of interest may arise. See "Risk Factors — Kruger's Influence over KPLP".

Indemnification and Insurance

The Corporation and KPGP jointly subscribed for a directors' and officers' insurance policy effective December 13, 2012. In addition, the Corporation and KPLP have entered into indemnification agreements with each of the Corporation's directors and officers and KPLP has entered into indemnification agreements with KPGP's directors and KPLP's officers. The indemnification agreements generally require that the Corporation and/or KPLP, as applicable, indemnify and hold the indemnitees harmless to the greatest extent permitted by law for liabilities arising out of the indemnitees' service to the Corporation, KPLP or KPGP as directors and officers, provided that the indemnitees acted honestly and in good faith and in a manner the indemnitees reasonably believed to be in or not opposed to the relevant entity's best interests and, with respect to criminal and administrative actions or proceedings that are enforced by monetary penalty, the indemnitees had no reasonable grounds to believe that his or her conduct was unlawful. The indemnification agreements will also provide for the advancement of defence expenses to the indemnitees by the Corporation or KPLP, as applicable, to the extent permitted by applicable law.

AUDIT COMMITTEE INFORMATION REGARDING THE CORPORATION

Charter of the Audit Committee

The Corporation Board has adopted a written charter for the Corporation Audit Committee (the "Charter of the Corporation Audit Committee") which sets out the responsibilities of the Corporation's audit committee (the "Corporation Audit Committee") 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. A copy of the Charter of the Corporation Audit Committee is attached to this Annual Information Form as Appendix A.

Composition of the 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 Audit Committee is composed of Michel Letellier, James Hardy (Chair) and Michael Korenberg, each of whom is financially literate and independent within the meaning of NI 52-110.

Relevant Education and Experience of the Audit Committee Members

See "Directors and Officers — Directors and Executive Officers of KPLP — Biographies" for a brief summary of the education and experience of each Corporation Audit Committee member that is relevant to his performance as a member of the Corporation Audit Committee.

External Auditor Service Fee

The Corporation has been billed the following fees for services rendered in respect of the audits of PwC for the fiscal years ended December 31, 2019 and December 31, 2018.

(in thousands)	Fiscal Year ended December 31, 2019	Fiscal Year ended December 31, 2018
Audit Fees[1]	$ 80	$ 80
Audit-Related Fees[2]	$ 20	$ 20
Tax Fees[3]	$ 5	$ 4
All Other Fees[4]	$ -	$ -
Total Fees Paid	105	104

(1) "Audit Fees" include fees necessary to perform the annual audits of the Corporation.
(2) "Audit-Related Fees" include fees for assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statements other than those included in "Audit Fees".
(3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax advice and tax planning.
(4) "Other Fees" include fees for products and services provided by the auditor other than those included above.

AUDIT COMMITTEE INFORMATION REGARDING KPLP

Charter of the Audit Committee

The KPGP Board has adopted a written charter for the KPGP Audit Committee (the Charter of the KPGP Audit Committee) which sets out the responsibility of the KPGP Audit Committee (the KPGP Audit Committee) in reviewing the financial statements of KPLP and reporting on such review to the KPGP Board, overseeing the work and review the independence of the external auditors and reviewing, evaluating and approving the Corporation's internal control procedures. The Charter of the KPGP Audit Committee is substantially the same as the Charter of the Corporation Audit Committee, a copy of which is attached to this Annual Information Form as Appendix A. The KPGP Audit Committee will meet at least four times annually to fulfill its mandate.

Composition of the Audit Committee

The KPGP Audit Committee is comprised of Michel Letellier, James Hardy (Chair) and Michael Korenberg, each of whom is financially literate and independent within the meaning of NI 52-110.

Relevant Education and Experience of the Audit Committee Members

See "Directors and Officers — Directors and Executive Officers of KPLP — Biographies" for a brief summary of the education and experience of KPGP Audit Committee member that is relevant to his performance as a member of the KPGP Audit Committee.

External Auditor Service Fee

KPLP has been billed the following fees for services rendered in respect of the audits of PwC for the fiscal years ended December 31, 2019 and December 31,2018.

(in thousands)	Fiscal Year ended December 31, 2019	Fiscal Year ended December 31, 2018
Audit Fees[1]	$ 785	$ 758
Audit-Related Fees[2]	$ 75	$ 224
Tax Fees[3]	$ 339	$ 212
One-time Tax Fees[4]	$ 131	$ 623
All Other Fees[5]	$ -	$ -
Total Fees Paid	1,330	1,817

(1) "Audit Fees" include fees necessary to perform the annual audits of KPLP.
(2) "Audit-Related Fees" include fees for assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of KPLP's financial statements other than those included in "Audit Fees".
(3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax advice and tax planning.
(4) One-time fees related to the U.S. reorganization
(5) "Other Fees" include fees for products and services provided by the auditor other than those included above.

RISK FACTORS

Risks Related to the Corporation

Dependence on Underlying Performance of KPLP

The value of the Common Shares depends on the financial performance and profitability of KPLP, and KPLP's distribution policies and ability to make cash distributions. Any decline in the financial performance of KPLP or adverse change in such other factors could have an adverse effect on the Corporation and the value and market price of the Common Shares. As the business of the Corporation is restricted to the holding of an interest in KPLP and the Corporation is restricted from transferring such interest, the Corporation has no ability to diversify its investments or otherwise limit the risks associated with its investment in KPLP.

Volatile Market Price for Common Shares

The market price for the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Corporation's control, including the risks listed under "Risks Related to KPLP's Business" below. Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if KPLP's operating results or prospects have not changed. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue and the trading price of the Common Shares may be adversely affected.

Dependence on Cash Distributions by KPLP

A return on an investment in the Corporation's Common Shares is not comparable to the return on investment in a fixed-income security. The recovery of an investor's initial investment is at risk, and the anticipated return on such investment is based on numerous performance assumptions. Given that the Corporation's business is limited to holding an interest in KPLP, there is uncertainty regarding future dividend payments by the Corporation and the level thereof as the Corporation's dividend policy and the funds available for the payment of dividends from time to time is dependent, among other things, on the ability of KPLP to pay cash distributions to its limited partners, including the Corporation. Although KPLP intends to make regular distributions to its limited partners, these distributions may be reduced or suspended. There is no assurance that KPLP will make any such distribution or maintain its distribution policy in the future. The actual amount distributed may depend on numerous factors including:

- KPLP's operations and its performance, which may fluctuate from period to period;
- restrictive covenants in agreements governing KPLP's indebtedness;
- a decision by Kruger and/or the Corporation not to participate in the KPLP DRIP, thereby reducing the amount available under the Restricted Payments Basket;
- economic, competitive and other factors beyond the control of the Corporation; and
- other factors in the discretion of the board of directors of KPGP.

The suspension or reduction in the level of distributions by KPLP will in turn adversely affect the ability of the Corporation to pay dividends to its shareholders. In addition, the value of the Corporation's Common Shares may decline if the Corporation is unable to meet its cash distribution targets in the future, and such decline may be significant. Investors should not assume that the proposed level of dividend payments will be maintained.

In addition, although KPLP is required under the Limited Partnership Agreement to make the Tax Distribution (subject to applicable laws and any contractual restrictions), certain debt covenants and distribution restrictions, including under the Senior Credit Facility and the Nordea Credit Facility, may prevent KPLP from doing so. Furthermore, any distribution other than the Tax Distribution by KPLP is at the discretion of the KPGP Board and, so long as the Corporation Aggregate Ownership Interest is less than or equal to 60%, the Corporation will not have control over the amount of earnings distributed by KPLP to its limited partners or the payment of a distribution at all. The failure of KPLP to declare and pay cash distributions (including the Tax Distribution) to its limited partners would have a material adverse effect on the Corporation's business and financial condition.

Kruger's Exchange of KPLP Units for Common Shares and Future Sales of Common Shares by Kruger

Pursuant to the Exchange Agreement, Kruger has the right to exchange KPLP Units it holds from time to time for Common Shares on the basis of one KPLP Unit for one Common Share, subject to adjustment as set out in the Exchange Agreement. If Kruger were to exchange all KPLP Units held by it as of March 13, 2020, for Common Shares, it would hold approximately 85.0% of the issued and outstanding Common Shares and will therefore control the Corporation. Kruger's interests may differ from those of other shareholders of the Corporation and it may exercise its influence over the operations and actions of the Corporation in a manner which conflicts with the interests of other shareholders of the Corporation.

Subject to compliance with applicable securities laws, Kruger may sell some or all of its Common Shares in the future. No prediction can be made as to the effect, if any, such future sales of Common Shares will have on the market price of the Common Shares prevailing from time to time. However, the future sale of a substantial number of Common Shares by Kruger or the perception that such sale could occur, could adversely affect the market price of the Common Shares and could impair the Corporation's ability to raise capital through any future sales of Common Shares. Under the Registration Rights Agreement, Kruger is granted certain demand and "piggy-back" registration rights pursuant to which the Corporation is required to qualify by way of prospectus Common Shares held by Kruger for sale.

Illiquid Market for KPLP Units

Since there is no market for KPLP Units and since the transfer of such units are subject to restrictions under the Limited Partnership Agreement, shareholders of the Corporation may not be able to monetize any increase in the underlying value of KPLP. This fact may result in the market price of the Common Shares not reflecting the full value of a direct investment in KPLP.

Limited Rights of the Corporation with Respect to the Management of KPLP

As a holder of a minority limited partnership interest in KPLP, the Corporation has limited ability to control or influence the management of the business of KPLP or other actions taken by KPLP, including with respect to distributions. The Corporation's rights with respect to its interest in KPLP, the conduct of KPLP's business and other actions taken by KPLP are limited to those set out in the Limited Partnership Agreement.

Kruger Rights Relating to Certain Actions of the Corporation and Director Nomination Right

Pursuant to the Limited Partnership Agreement, Kruger holds the right to veto certain actions proposed to be taken by the Corporation, as listed under "Material Contracts — Material Contracts of the Corporation — Limited Partnership Agreement — Covenants of the Corporation". Kruger will continue to hold such rights for so long as it is a limited partner under the Limited Partnership Agreement. However, pursuant to the Exchange Agreement, the Corporation is entitled to require the exchange of all of Kruger's KPLP Units for Common Shares if the Kruger Aggregate Ownership Interest falls below 20%.

Kruger also holds the Director Nomination Right to designate one individual to be included in the management nominees for election as a director of the Corporation. Kruger will continue to hold such right for so long as the Kruger Aggregate Ownership Interest is equal to or greater than 20%.

Kruger's interests may differ from those of other shareholders of the Corporation and it may exercise its rights relating to the Corporation in a manner which conflicts with the interests of other shareholders of the Corporation.

KPGP Can Require the Corporation to Undertake Certain Corporate Actions

Pursuant to the Limited Partnership Agreement, KPGP can require the Corporation to purchase Common Shares by way of normal course issuer bid or substantial issuer bid. Furthermore, if KPGP proposes to issue KPLP Units, the Corporation shall not unreasonably refuse to exercise its Pre-Emptive Right, which would require it to issue securities to the public by way of prospectus offering. For so long as the Kruger Aggregate Ownership Interest is equal to or greater than 50%, KPGP will be controlled by Kruger, whose interests may differ from those of the Corporation and its shareholders. KPGP may require the Corporation to undertake such repurchases or issuances at an inopportune time for the Corporation.

Kruger's Drag-Along Right

For so long as the Kruger Aggregate Ownership Interest is equal to or greater than 66⅔%, if Kruger decides to sell all of its KPLP Units for cash and the board of KPGP has obtained a fairness opinion stating that the per KPLP Unit price is fair to the holders of KPLP Units, Kruger will have the right to require the Corporation to sell all of its KPLP Units to the offeror at the same price as Kruger. Kruger may decide to exercise such drag-along right at an inopportune time for the Corporation and its shareholders. The fact that Kruger has such a right could adversely affect the value of the Common Shares.

Loss of Rights Under the Limited Partnership Agreement

In the event of a breach by the Corporation of certain covenants under the Limited Partnership Agreement (see "Material Contracts — Material Contracts of the Corporation — Limited Partnership Agreement — Covenants of the Corporation") and the Exchange Agreement (see "Material Contracts — Material Contracts of the Corporation — Exchange Agreement — Pre-Emptive Right), the Corporation will lose the benefit of certain rights under the Limited Partnership Agreement, including the Corporation's right (i) to designate nominees for election to the KPGP Board, (ii) to exercise any pre-emptive rights, rights of first refusal or tag-along rights, and (iii) to access or receive any information relating to KPLP under any provision of the Limited Partnership Agreement (other than to receive information required to be included in any public disclosure documents required to be filed in the ordinary course under applicable securities laws). In addition, in the event of certain such breaches by the Corporation, (A) Kruger will have the right to purchase, and the Corporation will be required to sell, all or any portion of the KPLP Units held by the Corporation at a price per KPLP Unit equal to the fair market value of such units as determined by an independent qualified valuator appointed by the General Partner, and (B) Kruger will be released from its restrictions under the Non-Competition Agreement for so long as such breach by the Corporation remains unremedied. Investors are cautioned that the Corporation's loss of any such rights under the Limited Partnership Agreement would be expected to negatively impact the market price of the Common Shares.

Reliance on Administrative Services Provided by KPLP

The Corporation will be entirely dependent on KPLP to administer its ongoing operations and affairs in order for the Corporation to carry on its activities as a public company, and has no independent capacity to do so. Pursuant to the Administration Agreement, KPLP may perform such services despite the existence of any conflicts of interest between KPLP and the Corporation and KPLP will provide such services at its own cost and expense. If KPLP ceases to provide such services, it is unlikely that the Corporation will be able to engage an alternative administrator on similar terms and would need to incur additional costs to do so.

Risk of Dilution in KPLP

An equity issuance by KPLP that is not fully subscribed by the Corporation in accordance with its Pre-Emptive Right would be dilutive to its equity ownership in KPLP. Should the Corporation not have access to capital at the relevant time, the Corporation may not be able to subscribe, in part or in full, to its pro rata share pursuant to its Pre-Emptive Right. Furthermore, if Kruger participates in the KPLP DRIP with respect to the distributions it receives on a greater proportion of its KPLP Units than does the Corporation, the Corporation's equity ownership in KPLP will be diluted upon KPLP making distributions to its partners. Kruger has indicated that it intends to participate in the KPLP DRIP with respect to a significant position of the KPLP Units held by it.

Dilution due to Corporation DRIP

The participation of shareholders in the Corporation DRIP will dilute the holdings of other holders of Common Shares and may have a negative impact on the market price of the Common Shares.

Inability to Comply with Continuous Disclosure Requirements

The Corporation's ability to comply with its continuous disclosure obligations under applicable Canadian Securities laws is dependent on the continued compliance by KPLP of its disclosure obligations under the Limited Partnership Agreement and its service obligations under the Administration Agreement. In the event KPLP breaches its disclosure obligations under the Limited Partnership Agreement or its service obligations under the Administration Agreement, the Corporation may not be able to satisfy its continuous disclosure obligations under applicable Canadian Securities laws and may ultimately be in breach of such requirements.

Realization of Larger Capital Gain (or Smaller Capital Loss) Upon Disposition of KPLP Units Acquired Pursuant to Exchange Agreement

Pursuant to the Exchange Agreement, Kruger has the right to exchange the KPLP Units it holds from time to time for Common Shares. Under the Exchange Agreement, the Corporation has agreed that, at the request of Kruger, such exchange may occur on a tax deferred basis under section 85 of the Tax Act (the "tax deferred exchange"). Under the tax deferred exchange, the Corporation's adjusted cost base in the KPLP Units so acquired will be equal to the elected amount as specified in the election. As a consequence of such tax deferred exchange, the Corporation may realize a larger capital gain (or smaller capital loss) in the event of a disposition by the Corporation of KPLP Units than would otherwise be the case if the KPLP Units were acquired by the Corporation at a cost for tax purposes equal to their fair market value. However, the amount of the capital gain (or capital loss) might be smaller (or larger) as compared to a scenario where the Corporation held and disposed of the assets of KPLP directly.

Business Conflicts of Interest

Conflicts of interest and disputes may arise between Kruger, KPLP and the Corporation relating to a potential misalignment between their corporate objectives and business interests or their past and ongoing relationships, including:

- labour, tax, employee benefits, procurement, management support and administrative services;
- supplies of services and supplies and sale products by KPLP involving Kruger or its other affiliates;
- indemnification and other matters arising in connection with agreements between Kruger and KPLP;
- trade-mark matters;
- employee recruiting and retention;
- investment in or exploitation of business opportunities;
- financing of KPLP;
- distribution policy of KPLP;
- fundamental changes involving KPLP or its scope of business;
- sales or distributions by Kruger of all or any portion of its ownership interest in KPLP or the Corporation; and
- business combinations involving KPLP or the Corporation.

KPLP, Kruger and the Corporation may not be able to resolve any potential conflicts, and, even if they do, the resolution may be less favourable to KPLP or the Corporation than if it were dealing with a party that was not a significant holder of equity of KPLP. The agreements that KPLP and the Corporation entered into with Kruger and its affiliates may be amended upon agreement between the parties, subject to the provisions of applicable laws. Because Kruger may have significant equity holdings in and other rights relating to KPLP, KPLP and the Corporation may not have the leverage to negotiate any required amendments to these agreements on terms as favourable to KPLP and the Corporation as those KPLP or the Corporation would negotiate with a party that was not a significant holder of equity of KPLP.

Risks Related to KPLP's Business

Kruger's Influence over KPLP

For so long as the Kruger Aggregate Ownership Interest is equal to or greater than 50%, Kruger will have the right to nominate a majority of the members of the KPGP Board and will thereby have the power to determine the strategic direction, governance and transactions of KPLP, subject to the rights of the Corporation provided for under the Limited Partnership Agreement. Although the Limited Partnership Agreement requires the inclusion of at least one nominee director of the Corporation on the KPGP Compensation Committee and the KPLP Governance Committee, the majority of the members of those committees may consist of directors that Kruger nominated for election to the KPGP Board. At such time when the Corporation only has one nominee on each of these committees, the two Kruger nominees on the KPLP Compensation Committee and one of the Kruger nominees on the KPLP Governance Committee may be current or past members of the board of directors or employees of Kruger (the other Kruger nominee on the KPGP Governance Committee must be independent of Kruger). This could lead to conflicts of interest, real or perceived, at the board, board committee or management level where the interests of Kruger may differ from those of KPLP.

Kruger will have significant influence over KPLP even if it significantly reduces its ownership interest in KPLP. In addition to controlling the KPGP Board for so long as the Kruger Aggregate Ownership Interest is equal to or greater than 50%, certain actions proposed to be taken by KPLP, as listed under "Material Contracts —Material Contracts of the Corporation — Limited Partnership Agreement", require the consent of Kruger for so long as it is a limited partner under the Limited Partnership Agreement (although pursuant to the Exchange Agreement, the

Corporation will be entitled to require the exchange of all of Kruger's KPLP Units for Common Shares if Kruger's Aggregate Ownership Interest falls below 20%).

KPLP's Reliance on Kruger

KPLP depends on Kruger to provide certain management and support services pursuant to the Management Services Agreement. In order to provide the services required under the Management Services Agreement effectively, Kruger will need to continue to retain qualified management and employees. There is no assurance that Kruger will be able to do so. In addition, KPLP has historically benefitted from Kruger's expertise in the paper industry and its significant resources. There is no assurance that Kruger will continue to have such assets in the future or that KPLP will continue to be provided with access to them.

KPLP benefits from Kruger's purchasing power as it obtains many of its supplies and services pursuant to master supply or service agreements negotiated and entered into by Kruger (or one of its affiliates) for the benefit of itself and certain of its subsidiaries. There can be no assurance that KPLP will continue to benefit from Kruger's purchasing power in the future.

Under certain circumstances Kruger may terminate its relationship with KPLP and the Corporation if, for example, it seeks to monetize its investment in KPLP.

Consequences of an Event of Insolvency Relating to Kruger

Kruger is a holding company providing management services to its subsidiaries. Its subsidiaries operate in industries that are capital intensive and require a high level of cash flow. Certain of these industries are cyclical and from time to time experience, and are presently experiencing, difficulties that may materially adversely affect the financial condition of Kruger.

Pursuant to the terms of its indebtedness, Kruger has granted liens on its KPLP Units. Kruger has advised that it regularly reviews its level of debt and compliance with its covenants to confirm that it is not in default or close to defaulting. While Kruger has advised that it is currently in compliance with the terms of its indebtedness, there can be no assurance that Kruger will not default on the terms of its indebtedness in the future and, in such case, that the creditors of Kruger will not realize on their security on the KPLP units, potentially resulting in a change of control of KPLP. A change of control of KPLP may, among other consequences, give rise to events of default under KPLP's credit facilities.

In the event of bankruptcy or insolvency proceedings by or against Kruger, the rights and recourses of the Corporation against Kruger under the terms of the Limited Partnership Agreement or other agreements may be stayed, unenforceable or terminated.

In the event of a bankruptcy of Kruger under the Bankruptcy and Insolvency Act (Canada), those rights of the Corporation under the Limited Partnership Agreement which may negatively affect the value of the Kruger's KPLP Units, to the prejudice of creditors of Kruger, may not be enforceable against the bankruptcy trustee.

In the event of proceedings under the Companies' Creditors Arrangement Act (Canada) (CCAA) involving Kruger, the rights of the Corporation against Kruger under the Limited Partnership Agreement will be stayed. Moreover, the CCAA may allow Kruger to terminate its obligations under the Limited Partnership Agreement and sell its KPLP Units free and clear of claims and rights under the Limited Partnership Agreement.

A default by Kruger under its indebtedness or bankruptcy or insolvency proceedings involving Kruger or its affiliates may have a material adverse effect on the Corporation and the value and market price of the Common Shares.

Risks Associated with the TAD Sherbrooke Project

KPLP may be unable to complete the TAD Sherbrooke Project on time and on budget, and it may never achieve its projected capacity.

Risks related to the TAD Sherbrooke Project include, among others:

- despite the fact that key agreements related to the construction of the project contain caps on cost and liquidated damages in case of delays, there is no assurance that the TAD Sherbrooke Project will be completed within the contemplated timeframe or in accordance with anticipated costs or that recourse against the suppliers under such agreements, if available, will be sufficient to cover damages suffered by KPLP;
- there is no assurance that the start-up of the machine will occur as anticipated, which could, among other things, result in lower levels of production or cost overruns associated with the start-up;
- other competing manufacturers are currently building TAD machines aimed at the same high-end private label market, in the same geographical area. While management believes that there is sufficient demand to absorb this additional production capacity, the timing of this additional capacity coming into the market at the same time could have a negative impact on pricing of the finished products;
- the profitability of the TAD Sherbrooke machine depends on, among other things, KPLP's ability to sell forecasted volume at prices that are at or near current prices. There is no guarantee that KPLP will receive orders to meet the TAD Sherbrooke machine's expected volumes at profitable pricing.
- KPLP Management has established a business plan for the project based on numerous assumptions with regard to the volumes and selling prices of the products, cost of input (including fibre and energy), incremental overhead, the capacity at which the TAD Sherbrooke machine will operate, continuity of the exchange rate and the timely completion of the TAD Sherbrooke Project within budget. In the event those assumptions do not materialize as planned, the profitability could be materially different from KPLP Management's expectations;
- the borrowers and guarantors under the AgCredit Agreement have all granted first lien security in favor of American AgCredit over their respective assets, which includes a pledge of the shares of KPSI and the TAD Sherbrooke Project (see "Material Contracts — Material Contracts of KPLP — AgCredit Agreement"). In the event any of the borrowers under the AgCredit Agreement is unable to meet its financial obligation and/or covenants under the AgCredit Agreement, American AgCredit will have the right to exercise its security which could result in KPLP losing part or all of its indirect ownership of the TAD Sherbrooke Project; and
- the COVID-19 outbreak could result in delays or project cost overruns in the construction of the TAD Sherbrooke Project.

In addition, KPLP may cease to indirectly hold a100% interest in KPSI, the entity that will construct and operate the TAD Sherbrooke Project. KPLP has at its discretion, a priority right to make any required monthly redemption payment to IQ under the IQ Debenture. If KPLP does not exercise its priority right to make any required monthly redemption payment to IQ commencing 36 months from the date of issuance of the IQ Debenture and Kruger instead makes such payment pursuant to the Repayment Agreement, Kruger will receive common shares of KPSI as consideration for such payment. Pursuant to the Repayment Agreement, if Kruger makes all of the redemption payments, it will hold approximately 48% of KPSI. If neither KPLP nor Kruger make any required monthly redemption payment, IQ may require that an equivalent portion of the IQ Debenture be converted into common shares of KPSI.

Operational Risks

The operation of manufacturing facilities involves many risks, including: (i) the breakdown or failure of, and the necessity to repair, upgrade or replace, machines or other manufacturing equipment, transmission lines or other equipment, structures or processes; (ii) the inability to secure critical or back-up parts for manufacturing equipment on a timely basis; (iii) fire, flood, explosion or other property damage; (iv) an inability to obtain adequate supplies, site control, and operation and maintenance and other site services; (v) performance of manufacturing equipment below expected levels; (vi) interruption of electricity or other critical supplies; (vii) compliance with all operating permits and licences under applicable laws and regulations; and (viii) an inability to retain, at all times, adequate skilled personnel, the occurrence of any of which could have a material adverse effect on KPLP, including a shut-down of a manufacturing facility or reduction in its manufacturing capacity or capability to supply products. To the extent that manufacturing equipment requires significant unexpected capital and other operation and maintenance expenditures, requires longer-than-forecasted down times for maintenance and repair, experiences interruptions due to equipment failure or suffers disruptions, KPLP's manufacturing cost will be increased and/or KPLP's revenues may be negatively affected.

Significant Increases in Input Costs

Although KPLP believes that the supplies of raw materials, services and other inputs needed to manufacture its products are adequate, increases in the prices for raw materials, including pulp, the cost of energy, transportation and other necessary services (without corresponding increases in KPLP's selling prices), supplier constraints, an inability to maintain favourable supplier arrangements and relations or an inability to avoid disruptions in production output caused by events such as natural disasters, power outages, labour strikes, and the like could have an adverse effect on KPLP's financial results.

Cellulose fibre, in the form of mechanical or kraft hardwood and softwood pulps, including eucalyptus pulp, or recycled fibre from recovered waste paper, is used extensively in KPLP's tissue products and is subject to significant price fluctuations due to the cyclical nature of these fibre markets. Increases in pulp prices could adversely affect KPLP's earnings if selling prices for its finished products are not adjusted or if these adjustments significantly trail the increases in pulp prices.

KPLP's manufacturing operations utilize electricity and natural gas. Substantial changes in the price or availability of energy sources could have an adverse effect on KPLP's financial results.

KPLP relies in part on retailer discounts in order to maintain market share over private label products. The discounting policies of retailers may change in the future.

Reduction in Supply of Fibre

The supply of recycled fibre has recently decreased due to a significant reduction in the supply of waste paper from businesses. If this trend continues and KPLP is unable to access recycled fibre at reasonable prices or at all, its business could be adversely affected.

Increased Pricing Pressure and Intense Competition

KPLP competes in highly competitive markets against well-known, branded products and low-cost or private label products. Inherent risks in KPLP's competitive strategy include uncertainties concerning trade and consumer acceptance, the effects of consolidation within retailer and distribution channels, and competitive reaction. KPLP's competitors include not only its traditional competitors, but also private label manufacturers, low-cost manufacturers and rapidly expanding international manufacturers. These competitors may have greater financial resources and greater market penetration, which enable them to offer a wider variety of products and services at lower prices. Alternatively, some of these competitors may have significantly lower product development and manufacturing costs, allowing them to offer products at a lower cost. The actions of these competitors could adversely affect KPLP's financial results. It may be necessary for KPLP to lower prices on its products and increase spending on advertising and promotions, each of which could adversely affect KPLP's financial results. Certain U.S. competitors benefiting from an exchange rate advantage may decide to enter the Canadian market and thereby create further competition.

KPLP's Inability to Innovate Effectively

KPLP's ability to develop new products is affected by whether it can successfully anticipate consumer needs and preferences, develop and fund technological innovations, and receive and maintain necessary trademark protection. In addition, KPLP incurs substantial development and marketing costs when introducing new and improved products and technologies. The introduction of a new customer product (whether improved or newly developed) generally requires substantial expenditures relating to advertising and marketing to gain recognition in the market place. If a product gains consumer acceptance, it normally requires continued advertising and promotional support to maintain its relative market position. Some of KPLP's competitors are larger and have greater financial and other resources. These competitors may be able to spend more aggressively on advertising and promotional activities, introduce competing products more quickly and respond more effectively to changing business and economic conditions. There is no guarantee that KPLP will be successful in developing new and improved products and technologies necessary to compete successfully in the industry or that it will be successful in advertising, marketing, timely launching and selling its products.

Adverse Economic Conditions

Unfavourable economic conditions, including the impact of recessions, slow economic growth, economic and pricing instability and credit market volatility, may negatively affect KPLP's business and financial results. These economic conditions could negatively impact:

- consumer demand for KPLP's products, including shifting consumer purchasing patterns to lower-cost options such as private label products,
- demand by businesses for KPLP's products, including cost savings efforts of those customers,
- the mix of products' sales, and
- KPLP's ability to collect accounts receivable on a timely basis from certain customers.

Prolonged recession, slow economic growth or credit market disruptions could result in decreased revenue, margins and earnings.

Dependence on Key Retail Trade Customers

KPLP's products are sold in a highly competitive marketplace, which is experiencing increased concentration and the growing presence of large format retailers and discounters. With the consolidation of the Canadian retail trade, pressure on higher trade discounts or allowances could lead to reduced profitability. Such customers may use this leverage to demand higher trade discounts or allowances which could lead to reduced profitability. KPLP may also be negatively affected by changes in the policies of its retail trade customers, such as inventory de-stocking, limitations on access to shelf space, delisting of KPLP products, additional requirements relating to safety, environmental, social and other sustainability issues, and other conditions. KPLP also faces greater concentration of credit risk from exposure to key customers. If KPLP loses a significant customer or if sales of its products to a significant customer materially decrease, or if a significant customer becomes insolvent, KPLP's business, financial condition and results of operations may be materially adversely affected.

Damage to the Reputation of KPLP or KPLP's Brands

Developing and maintaining the reputation of KPLP and its brands is a critical factor in its relationship with customers, suppliers and others. KPLP's ability to address adverse publicity or other issues, including concerns about product quality, efficacy or similar matters, real or perceived, could negatively impact sentiments towards KPLP and its products, and KPLP's business and financial results could suffer. KPLP's business and results could also be negatively impacted by the effects of a significant product recall, product related litigation, allegations of product tampering or the distribution and sale of counterfeit products.

KPLP's Sales Being Less than Anticipated

There is no guarantee that KPLP will be able to anticipate consumer preferences, estimate sales of new products, estimate changes in population characteristics and the acceptance of its products in new markets or anticipate changes in technology and competition. As a result, KPLP may not be able to achieve anticipated sales.

Furthermore, as manufacturers move to satisfy an increasing demand for high quality private label products, there is a risk that the demand for lower quality products will decrease, leading to downward pricing pressure in that grade, which could more than offset the benefit to Kruger of an increased demand for higher grade production.

KPLP's Failure to Implement its Business and Operating Strategies

KPLP may not be able to implement its business and operating strategies or realize their anticipated results without incurring significant costs. In addition, KPLP's ability to successfully implement these strategies could be adversely affected by a number of factors beyond KPLP's control, including operating difficulties, general and local economic conditions, increased competition, technological change and other factors described in this "Risk Factors" section. KPLP's business may not develop in ways that it currently anticipates if industry trends do not continue and it may also be required to make capital expenditures in excess of those originally planned, which may affect its ability to implement KPLP's business strategies should it be unable to secure additional financing on acceptable terms or generate sufficient funds internally to cover these requirements. If an increased private label market share were to develop in Canada as it has in the United States, KPLP's ability to leverage its strong brands in Canada could be adversely affected. Any material failure to implement KPLP's strategies could have a material adverse effect on KPLP's business, results of operations, cash flows, financial condition and KPLP's ability to meet its obligations, including its ability to service its debt obligations. See "KPLP's Inability to Service All of its Indebtedness" below.

KPLP's Obligation to Make Regular Capital Expenditures

KPLP's strategy of sustaining its leadership position and competitiveness in the North American tissue industry requires significant capital investments in its business. There is no assurance that KPLP or its subsidiaries will be able to obtain the funds necessary to finance its capital improvement programs, acquisitions or other capital expenditure requirements, whether through internally generated funds, additional borrowing or other sources. Numerous agreements in respect of indebtedness of KPLP contain restrictions on KPLP's ability to borrow funds and to make certain capital expenditures. If KPLP is unable to obtain financing on acceptable terms, it may not be able to implement its business strategies and effect capital expenditures required to maintain its position, and its business, results of operations, cash flows and financial condition could be adversely affected.

KPLP's Entering into Unsuccessful Acquisitions

Acquisitions of complementary businesses and development of strategic alliances may be part of KPLP's overall business strategy. Businesses of acquired companies may not be effectively assimilated into KPLP's business offerings and alliances may not be successful.

KPLP's Dependence on Key Personnel

KPLP's success depends to a large extent upon the continued services of its senior management and its ability to attract and retain skilled employees. There is intense competition for qualified management and skilled employees, and KPLP's failure to recruit, train and retain such employees could have a material adverse effect on KPLP's business, results of operations, cash flows and financial condition. In addition, to implement and manage KPLP's businesses and operating strategies effectively, KPLP must maintain a high level of efficiency and performance, continue to enhance its operational and management systems, and continue to successfully attract, train, motivate and manage its employees. If KPLP is not successful in these efforts, it may have a material adverse effect on its business, results of operations, cash flows and financial condition.

KPLP's Inability to Retain its Existing Customers or Obtain New Customers

KPLP's business depends to a large degree on its arrangements and relationships with its customers. KPLP has few long-term customer agreements, instead operating primarily by way of purchase orders. The agreements that KPLP has entered into with its customers can generally be terminated by the customer at any time. KPLP does not have a long-term agreement with any of these customers. The loss of some or all of the business from any one of these customers would have an adverse effect on KPLP's business. If KPLP is unable to maintain its existing customer relationships or obtain additional customers, its business, results of operations, cash flows and financial condition will be adversely affected.

KPLP's Loss of Key Suppliers

KPLP is dependent on the supply at reasonable prices of pulp, waste paper, electricity and natural gas, packaging services and other products and services for the operation of its business. KPLP's arrangements with certain key suppliers include only short term contracts or are not formally documented at all, and in some cases KPLP and its suppliers may operate by way of purchase orders only. If a key supplier ceases carrying on business, or otherwise ceases to supply or provide services to KPLP at reasonable prices in the absence of a contractual obligation to continue to do so, KPLP's business could be adversely affected.

KPLP's Failure to Adequately Protect its Intellectual Property Rights

Although KPLP attempts to protect its trademarks and other intellectual property through trademarks, patents, trade secrets, copyrights, confidentiality and non-disclosure agreements and other measures, these measures may not be adequate to protect its intellectual property, or obtain sufficient rights to third party intellectual property. A failure by KPLP to adequately protect its intellectual property may materially and adversely affect its business, results of operations, cash flows and financial condition. Furthermore, KPLP may be subject to claims regarding its intellectual property rights or claims to the effect that its activities, brands or technology infringes the intellectual property rights of another. Even if without merit, those claims could result in costly and prolonged litigation, diverting management's attention and potentially materially and adversely affecting KPLP's business, results of operations, cash flows and financial condition.

KPLP's Reliance on Third Party Intellectual Property Licences

KPLP licences intellectual property from third parties for use in its business, including the Scotties trade-mark. Reliance on contractual licences carries inherent risks, including the adequacy of the rights obtained, the risk of non-compliance by KPLP with the terms of the licence and the failure of the third party to adequately protect the underlying intellectual property. Inadequacy or loss of licence rights to such third party intellectual property could materially and adversely affect KPLP's business and financial condition.

Adverse Litigation and Other Claims Affecting KPLP

In the normal course, KPLP is involved in various legal proceedings and other claims relating to its assets, employees, products and the conduct of its business. Although, in the opinion of KPLP Management, the outcome of any currently pending claims and other litigation is not expected to have a material adverse effect on KPLP's reputation, business, results of operations, cash flows and financial condition, a negative outcome in respect of any such claim or litigation could have such an adverse effect. Moreover, the cost of defending against lawsuits and diversion of KPLP Management's attention could be significant. See "Legal Proceedings".

Material Expenditures Due to Comprehensive Environmental Regulation Affecting KPLP's Cash Flow

KPLP is subject to environmental laws and regulations imposed by various governments and regulatory authorities in jurisdictions where it operates. These environmental laws and regulations impose stringent standards on KPLP, regarding, among other things:

- air emissions;

- water discharges;
- use and handling of hazardous materials;
- use, handling and disposal of waste; and
- remediation of environmental contamination.

KPLP's failure to comply with applicable environmental laws, regulations or permit requirements may result in civil or criminal fines, penalties or enforcement actions. These may include regulatory or judicial orders enjoining or curtailing operations or requiring corrective measures, the installation of pollution control equipment or remedial actions, any of which could entail significant expenditures. It is difficult to predict the future development of such laws and regulations or their impact on future earnings and operations, but these laws and regulations may require capital expenditures to ensure compliance. In addition, amendments to, or more stringent implementation of, current laws and regulations governing KPLP's operations could have a material adverse effect on its business, operating results or financial position. Furthermore, although KPLP generally tries to plan for capital expenditures relating to environmental and health and safety compliance on an annual basis, actual capital expenditures may exceed those estimates. In such an event, KPLP may be forced to curtail other capital expenditures or other activities. In addition, the enforcement of existing environmental laws and regulations has become increasingly strict. KPLP may discover currently unknown environmental problems or conditions in relation to its past or present operations, or may face unforeseen environmental liabilities in the future. These conditions and liabilities may:

- require site remediation or other costs to maintain compliance or correct violations of environmental laws and regulations; or
- result in governmental or private claims for damage to person, property or the environment.

Either of these could have a material adverse effect on KPLP's business, financial condition or operating results.

KPLP may be subject to strict liability and, under specific circumstances, joint and several (solidary) liability for the investigation and remediation of soil, surface and groundwater contamination, including contamination caused by other parties, at properties that KPLP owns or operates, and at properties where KPLP or its predecessors have arranged for the disposal of regulated materials.

KPLP's Pension Obligations are Significant and can be Materially Higher than Predicted if KPLP Management's Underlying Assumptions Are Incorrect

KPLP has significant pension liabilities under its defined benefit pension arrangements. Economic fluctuations could adversely impact the funding and expense associated with the defined benefit pension arrangements which the Corporation sponsors. There can be no assurance that the pension expense and funding of its defined benefit pension arrangements will not increase in the future thereby negatively impacting income or cash flow. There is no assurance the plans will be able to earn the assumed rate of return. While KPLP Management works diligently with its actuaries to determine best estimates, there are no guarantees as to actual results, because actuarial valuations are estimates only.

Labour Disputes Adversely Affecting KPLP's Cost Structure and KPLP's Ability to Run its Plants

KPLP has approximately 2,500 employees, the majority of whom are employed in KPLP's manufacturing facilities. Approximately 80% of KPLP's employees are unionized under six separate collective bargaining agreements. KPLP's inability to negotiate acceptable contracts with these unions upon the expiration of an existing contract could result in strikes or work stoppages by the affected workers and increased operating costs as a result of higher wages or benefits paid to union members. If the unionized workers were to engage in a strike or another form of work stoppage, KPLP could experience a significant disruption in operations or higher labour costs, which could have a material adverse effect on KPLP's business, financial condition, operating results and cash flow. KPLP generally begins the negotiation process several months before agreements are due to expire. KPLP may not be successful on negotiating new agreements on satisfactory terms, if at all. To date all collective agreements have been successfully renewed within mandate without any work disruption of any kind.

Exchange Rate and U.S. Competitors

Fluctuations in the value of the Canadian dollar against the U.S. dollar has a direct impact on export prices to the United States and also on certain input costs that are tied to the U.S. dollar (such as pulp). In some cases, the currency of KPLP's sales does not match the currency in which it incurs costs, which can negatively affect KPLP's profitability. Fluctuations in exchange rates can also affect the relative competitive position of a particular facility, where the facility faces competition from non-local producers (especially U.S. facilities that may benefit from a strong Canadian dollar which make imports of U.S. products more attractive to Canadian customers, which in turn may lead to market share gains for U.S. competitors), as well as KPLP's ability to successfully market its products in the United States. As a result, material changes in the value the Canadian dollar can affect the profitability of KPLP's facilities, which could lead KPLP to shut down facilities either temporarily or permanently, all of which could adversely affect its business or financial results or in the case of a weak Canadian dollar, create high risk that cash flow generated will be insufficient or that covenants in credit facilities could be affected. (See also "Covenant Compliance" below).

KPLP's Inability to Service All of its Indebtedness

KPLP's and its subsidiaries' operations are subject to contractual restrictions contained in the instruments governing any of their current and future indebtedness. The level of indebtedness of KPLP and its subsidiaries could have important consequences to the Corporation and its shareholders, including: (i) KPLP's and its subsidiaries' ability to obtain refinancing or additional financing for working capital, capital expenditures, acquisitions or other project developments in the future may be limited; (ii) a significant portion of KPLP's and its subsidiaries' cash flows from operations may be dedicated to the payment of the principal of and interest on their indebtedness, thereby reducing funds available for future operations or capital expenditures; (iii) certain of the KPLP's and its subsidiaries' borrowings will be at variable rates of interest, which exposes KPLP and its subsidiaries to the risk of increased interest rates; and (iv) KPLP and its subsidiaries may be more vulnerable to economic downturns and be limited in their ability to withstand competitive pressures. Default on certain indebtedness by KPLP could result in default on other indebtedness due to cross-default provisions in the terms governing that indebtedness.

Exposure to Potential Consumer Product Liability

KPLP's business involves the manufacture and sale of consumer products, which carries inherent risks of consumer product liability claims, including class actions, business interruption and product recalls. Such events can result in material liabilities, costs, loss of revenue and damage to brands, which may not be adequately covered by insurance maintained by KPLP.

Covenant Compliance

KPLP and its subsidiaries are subject to operating and financial restrictions through covenants in certain loan and security agreements. These restrictions may prohibit or limit KPLP's and its subsidiaries' ability to, among other things, incur additional debt, provide guarantee for indebtedness, create liens, dispose of assets, liquidate, dissolve, amalgamate, consolidate or effect any corporate or capital reorganization, make cash distributions or pay dividends, issue any equity interests and create subsidiaries. These restrictions may limit KPLP's and its subsidiaries' ability to obtain refinancing or additional financing, withstand downturns in KPLP's and its subsidiaries' business and take advantage of business opportunities. Moreover, KPLP and its subsidiaries may be required to seek additional debt financing on terms that include more restrictive covenants, require repayment on an accelerated schedule or impose other obligations that limit KPLP's or its subsidiaries' ability to grow the business, acquire needed assets or take other actions KPLP or its subsidiaries might otherwise consider appropriate or desirable.

Many of the above-mentioned risks are subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond KPLP's control, including fluctuations in interest rates, changes in exchange rates, market liquidity conditions, increased operating costs, and trends in KPLP's industry. If KPLP's cash flows and capital resources are insufficient to fund its debt service obligations, KPLP may be forced to reduce or delay capital expenditures, sell assets, seek additional capital, or restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit KPLP to meet its scheduled debt service obligations. In such circumstances, KPLP could face substantial liquidity problems and might be required to dispose of material assets or operations to meet its debt service and other obligations.

In addition, certain agreements in respect of indebtedness of KPLP contain a number of financial covenants that require KPLP to meet certain financial ratios and financial condition tests. KPLP may not be able to comply with such covenants. A failure to comply with the obligations in such agreements could result in a default, which, if not cured or waived, could permit acceleration of the relevant indebtedness.

Interest Rate and Refinancing Risk

Interest rate fluctuations are of particular concern to businesses in the capital-intensive tissue industry. KPLP faces interest rate and debt refinancing risk in respect of its credit facilities. KPLP's ability to refinance debt on favourable terms is dependent on debt capital market conditions, which are inherently variable and difficult to predict. If KPLP is unable to refinance its debt on favourable terms, its business and financial condition and its ability to make distributions may be adversely affected.

Information Technology

KPLP has made significant investments in information technology and relies on its information systems to support its operations. In the event that irreparable damage is caused to KPLP's information systems and databases or the information contained in its information systems is lost, KPLP's operational ability would be impaired and its ability to provide service to its customers would be compromised. KPLP relies on an outsourced service provider for a significant portion of its information, operation, infrastructure and help desk services. If such service provider were no longer able to provide such services, it could take KPLP up to six months or more to transition to another outsource service provider. KPLP's business could be adversely affected in such a scenario.

Cyber-security

KPLP's business operations rely upon secure information technology systems for data capture, processing, storage and reporting. Despite security and controls design, implementation and updating, our information technology systems could become subject to cyber-attacks. Any resulting unauthorized access to, or misappropriation and misuse of, sensitive or confidential client, personal or corporate information could cause the release or loss of data or cause a loss of sales, severely disrupt, divert management's attention or otherwise affect business operations and give rise to costly litigation, regulatory fines or penalties. Cyber-attacks of our information network system could materially adversely affect KPLP's business, results of operations, cash flows and financial condition and damage KPLP's reputation and goodwill.

Insurance

KPLP's operations are subject to risks normally inherent in a manufacturing industry, including potential liability which could result from, among other circumstances, personal injury or property damage. The availability of, and ability to collect on, insurance coverage is subject to factors beyond the control of KPLP. In addition, KPLP may become subject to liability hazards in circumstances where it cannot or may elect not to insure (because of high premium costs or other reasons), or for occurrences which exceed maximum coverage under its policies. KPLP has no control over changing conditions and pricing in the insurance marketplace and the cost or availability of various types of insurance may change dramatically in the future. To the extent these costs cannot be passed on to KPLP's customers through rate increases, increases in insurance costs could reduce future profitability. Furthermore, the inability to obtain insurance in the future for certain types of losses may require KPLP to limit the services it provides or the areas in which it operates, thereby reducing the revenues of KPLP. Lastly, the occurrence of a significant uninsured loss could have a material adverse effect upon KPLP.

Internal Controls

Effective internal controls are necessary for KPLP to provide reliable financial reports and to help prevent fraud. Although KPLP will follow a number of procedures in order to help ensure the reliability of its financial reports, including those required under Canadian securities law, the Corporation and KPLP cannot be certain that such measures will ensure that KPLP will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could affect the accuracy of the financial statements or cause them to fail to meet or delay meeting their respective reporting obligations. If KPLP, its auditors or a regulatory authority discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Corporation's or KPLP's consolidated financial statements and harm the trading price of Common Shares.

Trade Related

KPLP is exposed to certain trade related risks. NAFTA is a comprehensive trade agreement that places parameters around the rules of cross-border trade and investment among Canada, the United States, and Mexico. NAFTA has systematically eliminated most tariff and non-tariff barriers to free trade and investment among the three NAFTA countries. Approximately 36% of KPLP's consolidated revenue for 2019 was in the United States and 5% in Mexico. NAFTA will be replaced by a new trade agreement if the recently negotiated agreement known as the USMCA is adopted in all three countries. Although the USMCA has been ratified by Mexico and the United States, Canada has not yet ratified the agreement. If approved in the form in which it has been negotiated, the USMCA would not re-impose tariff or non-tariff barriers on the products produced by KPLP but could increase the risk of either the United States or Mexico imposing applicable tariffs on the grounds of a perception of a national security justification. There is a risk that the United States could decide to unilaterally withdraw from NAFTA if the USMCA is not approved.

Risks related to COVID-19

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a Public Health Emergency of International Concern, and on March 11, 2020, characterized COVID-19 as a pandemic. The extent to which the COVID-19 outbreak impacts KPLP's business, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the outbreak. Even at its current scope together with measures that have been taken globally to counteract it, the COVID-19 outbreak could materially and adversely impact KPLP's business, financial condition and results of operations including, without limitation, through compromised employee health and workplace productivity, disruption to supply chain and ability to produce and deliver products, and threats to the business continuity of our customers. We continue to work closely with operational management across the organization, ensuring that policies, procedures and plans are in place to help minimize the negative impact that the COVID-19 outbreak has on our business.

INTERESTS OF EXPERTS

The Corporation's current auditors are PricewaterhouseCoopers LLP (PwC). PwC has informed us that it is independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of Chartered Professional Accountants of Ontario.

KPLP's current auditors are PwC. PwC has informed us that it is independent with respect to KPLP within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

PROMOTERS

KPLP may be considered to be a promoter of the Corporation within the meaning of applicable securities legislation by reason of its initiative in founding and organizing the business and affairs of the Corporation. Kruger was considered to be a promoter of the Corporation within the meaning of applicable securities legislation by reason of its initiative in founding and organizing the business and affairs of the Corporation. Kruger owns one Common Share.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Corporation is from time to time involved in legal proceedings and regulatory actions of a nature considered normal to its business. Since the beginning of the Corporation's most recently completed financial year, there have been no legal proceedings to which the Corporation is or was a party or of which any of its property is or was the subject of that involves claims for damages that exceeds 10% of the Corporation's current assets, nor are any such proceedings known to the Corporation to be contemplated.

KPLP is from time to time involved in legal proceedings and regulatory actions of a nature considered normal to its business. Since the beginning of KPLP's most recently completed financial year, there have been no legal proceedings to which KPLP is or was a party or of which any of its property is or was the subject of that involves claims for damages that exceeds 10% of KPLP's current assets, nor are any such proceedings known to the Corporation or KPLP to be contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Within the last three years, no director, executive officer or person that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of the outstanding voting securities of the Corporation or any associate or affiliate of the foregoing has, or has had, any material interest, direct or indirect, in any transaction prior to the date of this Annual Information Form or any proposed transaction that has materially affected, or is reasonably expected to materially affect, the Corporation or any of its affiliates, except as disclosed elsewhere in this Annual Information Form.

Within the last three years, no director, executive officer or person that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of the outstanding voting securities of KPLP or any associate or affiliate of the foregoing has, or has had, any material interest, direct or indirect, in any transaction prior to the date of this Annual Information Form or any proposed transaction that has materially affected, or is reasonably expected to materially affect, KPLP or any of its affiliates, except as disclosed elsewhere in this Annual Information Form.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation and KPLP are Pricewaterhouse Coopers LLP, 18 York Street, Suite 2600, Toronto, Ontario M5J 0B2.

The transfer agent and registrar for the Common Shares is TSX Trust Company at its main offices in Montreal and Toronto.

ADDITIONAL INFORMATION

Additional Information relating to the Corporation may be found on SEDAR at www.sedar.com.

Additional information, including, without limitation, directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, if applicable, will be contained in the Corporation's management information circular to be mailed and filed in connection with its annual meeting of shareholders scheduled to be held on May 13, 2020.

Additional financial information is provided in the audited consolidated financial statements of the Corporation and KPLP and KPLP Management's discussion and analysis of KPLP for the year ended December 31, 2019, available under the Corporation's profile on www.sedar.com.

GLOSSARY OF TERMS

"**Administration Agreement**" has the meaning attributed to it under "Material Contracts of the Corporation".

"**Administrator**" means KPLP, in its capacity as administrator of the Corporation pursuant to the Administration Agreement.

"**AFH**" means Away-From-Home.

"**AgCredit Agreement**" has the meaning attributed to it under "Material Contracts — Material Contracts of KPLP — AgCredit Agreement".

"**Caisse de dépôt**" means Caisse de dépôt et placement du Québec.

"**CCAA**" means Companies' Creditors Arrangement Act.

"**Charter of the Corporation Audit Committee**" has the meaning attributed to it under "Audit Committee Information Regarding the Corporation — Charter of the Audit Committee".

"**Charter of the KPGP Audit Committee**" has the meaning attributed to it under "Audit Committee Information Regarding KPLP — Charter of the Audit Committee".

"**Common Shares**" means the common shares of the Corporation.

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

"**Corporation Aggregate Ownership Interest**" has the meaning attributed to it under "Material Contracts — Material Contracts of the Corporation — Limited Partnership Agreement — KPGP Board Representation"

"**Corporation Audit Committee**" has the meaning attributed to in under "Audit Committee Information Regarding the Corporation — Charter of the Audit Committee".

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

"**Corporation DRIP**" has the meaning attributed to it under "Dividend Policy — Dividend Reinvestment Plan of the Corporation".

"**Crabtree PM**" has the meaning attributed to it under "Material Contracts — Material Contracts of KPLP — Quebec PM Loan Agreement".

"**Director Nomination Right**" has the meaning attributed to it under "Material Contracts — Material Contracts of the Corporation — Limited Partnership Agreement — Kruger's right to nominate a director of the Corporation".

"**Drag-Along Right**" has the meaning attributed to it under "Material Contracts — Material Contracts of the Corporation — Limited Partnership Agreement — Drag-Along Right of Kruger".

"**EKN**" means the Swedish Export Credits Guarantee Board.

"**Exchange Agreement**" has the meaning attributed to it under "The Business of the Corporation".

"**FSC**" means Forest Stewardship Council.

"**Gatineau Plant**" means KPLP's paper plant located on Laurier Street in Gatineau, Québec.

"**General Partner**" means KPGP or any person admitted to the KPLP partnership as a successor to any General Partner.

"**Guarantors**" has the meaning attributed to it under "Material Contracts — Material Contracts of KPLP — Indenture".

"**IFRS**" means International Financial Reporting Standards.

"**Indenture**" has the meaning attributed to it under "Material Contracts — Material Contracts of KPLP — Indenture".

"Initial Memphis Operations" has the meaning attributed to it under "The Business of KPLP — Overview".

"**IQ Debenture**" has the meaning attributed to it under "Material Contracts — Material Contracts of KPLP — IQ Debenture".

"**KPGP**" means KPGP Inc.

"**KPGP Audit Committee**" has the meaning attributed to it under "Audit Committee Information Regarding KPLP — Composition of the Audit Committee".

"**KPGP Board**" means the board of directors of KPGP.

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

"**KPLP DRIP**" has the meaning attributed to it under "Dividend Policy — Dividend Reinvestment Plan of the Corporation".

"**KPLP Management**" means the management of KPLP.

"**KPLP Units**" means the partnership units of KPLP, each representing a proportionate share of the aggregate interests of the partners in the assets, profits and losses of KPLP and rights to receive distributions from KPLP, and otherwise carrying the rights provided for in the Limited Partnership Agreement.

"**KPSI**" means Kruger Products Sherbrooke Inc.

"**Kruger**" means Kruger Inc.

"**Kruger Aggregate Ownership Interest**" has the meaning attributed to it under "Material Contracts — Material Contracts of the Corporation — Limited Partnership Agreement — KPGP Board Representation".

"**Kruger Trademark License**" has the meaning attributed to it under "The Business of KPLP — Commercial Relationship Between Kruger and KPLP".

"**KTG**" means K.T.G. (USA) Inc.

"**KTG Facility**" has the meaning attributed to it under "Material Contracts — Material Contracts of KPLP — AgCredit Agreement".

"**LDC**" means light dry crepe.

"**Limited Partnership Agreement**" has the meaning attributed to it under "The Business of the Corporation".

"**Management Services Agreement**" has the meaning attributed to it under "The Business of KPLP — Commercial Relationship Between Kruger and KPLP".

“**Memphis Plant**” has the meaning attributed to it under “General Development of the Business — KPLP — History”.

“**Memphis TAD Machine**” has the meaning attributed to it under “The Business of KPLP — Overview”.

“**NCC**” means National Capital Commission.

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

“**Non-Competition Agreement**” has the meaning attributed to it under “The Business of the Corporation”.

“**Nordea**” means Nordea Bank A.B.

“**Nordea Credit Agreement**” has the meaning attributed to it under “Material Contracts — Material Contracts of KPLP — Nordea Credit Agreement”.

“**Nordea Credit Facility**” has the meaning attributed to it under “Material Contracts — Material Contracts of KPLP — Nordea Credit Agreement”.

“**Nordea2 Credit Agreement**” has the meaning attributed to it under “Material Contracts — Material Contracts of KPLP — Nordea2 Credit Agreement”.

“**Nordea2 Credit Facility**” has the meaning attributed to it under “Material Contracts — Material Contracts of KPLP — Nordea2 Credit Agreement”.

“**Notes**” has the meaning attributed to it under “Material Contracts — Material Contracts of KPLP — Indenture”.

“**Ontario Loan Agreement**” has the meaning attributed to it under “Material Contracts — Material Contracts of KPLP — Ontario Loan Agreement”.

“**P&G**” means Procter & Gamble.

“**Pre-Emptive Right**” has the meaning attributed to it under “Material Contracts — Material Contracts of the Corporation — Limited Partnership Agreement — Pre-Emptive Right to Acquire KPLP Units”.

“**PwC**” means PricewaterhouseCoopers LLP.

“**Quebec PM Loan Agreement**” has the meaning attributed to it under “Material Contracts — Material Contracts of KPLP — Quebec PM Loan Agreement”.

“**Quebec PM Loan**” has the meaning attributed to it under “Material Contracts — Material Contracts of KPLP — Quebec PM Loan Agreement”.

“**Registration Rights Agreement**” has the meaning attributed to it under “The Business of the Corporation”.

“**Repayment Agreement**” has the meaning attributed to it under “Material Contracts – Material Contracts of KPLP – IQ Debenture”.

“**Restricted Credit Parties**” has the meaning attributed to it under “Material Contracts – Material Contracts of KPLP – Senior Credit Agreement”.

“**RISI**” means RISI Inc.

“**Scotties License**” has the meaning attributed to it under “The Business of KPLP — Intellectual Property”.

"**Senior Credit Agreemen**t" has the meaning attributed to it under "Material Contracts — Material Contracts of KPLP — Senior Credit Agreement".

"**Senior Credit Facility**" has the meaning attributed to it under "Material Contracts — Material Contracts of KPLP — Senior Credit Agreement".

"**SRC**" means single recrepe.

"**TAD**" means through-air-dried.

"**TAD Canco**" means TAD Canco Inc.

"**TAD Luxembourg**" means TAD Luxembourg S.a.r.l.

"**TAD Sherbrooke Project**" has the meaning attributed to it under "General Development of the Business — KPLP — Commencement of Construction of the TAD Sherbrooke Project".

"**TAD Sherbrooke Project Entities**" has the meaning attributed to it under "Material Contracts — Material Contracts of KPLP — Senior Credit Agreement".

"**TAD Sherbrooke Project Facility**" has the meaning attributed to it under "Material Contracts — Material Contracts of KPLP — AgCredit Agreement".

"**Tax Act**" means the Income Tax Act (Canada), as amended, and the regulations thereunder.

"**Tax Distribution**" has the meaning attributed to it under "Dividend Policy — KPLP Distribution Policy".

"**TSX**" means The Toronto Stock Exchange.

"**Unit Sale Right**" has the meaning attributed to it under "Material Contracts — Material Contracts of the Corporation — Limited Partnership Agreement — Right of First Offer of the Corporation in Respect of Sale of Assets of KPLP".

"**WC**" means wet crepe.

APPENDIX A – CHARTER OF THE CORPORATION AUDIT COMMITTEE

KP TISSUE INC.

AUDIT COMMITTEE CHARTER

1. DEFINITIONS

In this Charter:

"**Auditor**" means the external auditors of the Corporation;

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

"**Committee**" means the audit committee of the Board;

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

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

"**Management**" means the senior officers of the Corporation, who are also senior officers of KPLP carrying out the duties of KPLP in its role as administrator under the administration agreement entered into by KPLP and the Corporation; and

"**NI 52-110**" means National Instrument 52-110 Audit Committees.

2. PURPOSE

Without prejudice to the specific duties of the Committee detailed below, the primary function of the Committee is to assist the Board in fulfilling its oversight responsibilities for the financial reporting process and to oversee the Corporation's relationship with the Auditor.

3. SPECIFIC DUTIES

The Committee shall perform the following duties for the Corporation.

3.1 Financial Disclosure Reporting

3.1.1 The Committee shall review and discuss with Management and the Auditor:

(a) the Corporation's annual audited financial statements and related documents prior to their filing or distribution, including;

(i) the annual financial statements, related footnotes and management's discussion and analysis ("MD&A"), significant issues regarding accounting principles, practices and significant Management estimates and judgements, any significant changes in the Corporation's selection or application of accounting principles, any major issues as to the adequacy of the Corporation's internal controls and any special steps adopted in light of material control deficiencies;

(ii) the use of off-balance sheet financing including Management's risk assessment and adequacy of disclosure;

(iii) any significant changes to the Corporation's accounting policies; and

(iv) the Auditor's audit report on the financial statements; and

(b) the Corporation's interim financial reports and related documents prior to their filing or distribution, including:

(i) interim financial reports and related documents, MD&A, significant issues regarding accounting principles, practices and significant Management estimates and judgements, any significant changes in the Corporation's selection or application of accounting principles, any major issues as to the adequacy of the Corporation's internal controls and any special steps adopted in light of material control deficiencies;

(ii) if applicable, the Auditor's report of its review of the interim financial reports;

(iii) the use of off-balance sheet financing including Management's risk assessment and adequacy of disclosure; and

(iv) any significant changes to the Corporation's accounting policies.

3.1.2 The Committee shall review:

(a) the Corporation's Annual Information Form, or other similar report filed with securities regulatory authorities, as to financial information;

(b) any prospectus, offering memorandum and information circular of the Corporation as to financial information;

(c) the Corporation's financial statements, MD&A and annual and interim earnings press releases before the Corporation discloses this information; and

(d) any financial information contained in any other formal announcement or other document.

3.1.3 The Committee shall review:

(a) the consistency of, and any changes to, accounting policies both on a year on year basis and across the Corporation;

(b) the methods used to account for significant or unusual transactions where different approaches are possible;

(c) whether the Corporation has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the Auditor;

(d) the Corporation's reporting practices; and

(e) all significant financial reporting issues and all judgements which they contain.

3.1.4 The Committee shall review the Corporation's financial reporting procedures and internal controls to be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than disclosure referred to in section 3.1.2 above, and periodically assess the adequacy of those procedures, including:

(a) reviewing and discussing with Management earnings (and/or other financial information) press releases with particular attention to the use of "pro forma" or "adjusted" non-GAAP information, before they are issued;

(b) reviewing and discussing generally with Management the nature of the financial information and earnings guidance provided to analysts and rating agencies; and

(c) reviewing and discussing with Management annual and interim certifications with respect to disclosure controls and procedures and internal control over financial reporting.

3.1.5 The Committee shall recommend to the Board the approval of the annual financial statements and related documents and either approve the interim financial reports and related documents or recommend to the Board such financial statements and documents for approval.

3.2 Internal Controls and Risk Management Systems

3.2.1 The Committee shall:

(a) keep under review the effectiveness of the Corporation's internal controls and risk management systems; and

(b) review and approve any statements to be included in the Corporation's annual report and accounts concerning internal controls and risk management.

3.3 Complaints on Accounting and Other Matters

3.3.1 The Committee is responsible for the establishment of a policy and procedures for:

(a) the receipt, retention and treatment of any complaint received by the Corporation regarding accounting, internal accounting controls or auditing matters; and

(b) the confidential, anonymous submissions by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

3.3.2 The Committee will be responsible for investigating fraud, illegal acts or conflicts of interest.

3.5 External Audit

3.5.1 The Committee shall consider and recommend to the Board:

(a) the Auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation; and

(b) the compensation of the Auditor.

3.5.2 The Committee shall oversee the Corporation's relationship with the Auditor including (but not limited to):

(a) approval of their remuneration, including fees for audit or non-audit services and ensuring that the level of fees is appropriate to enable an adequate audit to be conducted;

(b) approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;

(c) assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the Auditor as a whole, including the provision of any non-audit services;

(d) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the Auditor and the Corporation or KPLP (other than in the ordinary course of business) or any other conflicts of interest;

(e) reviewing and approving the Corporation's policy on the employment of current and former partners and employees of the Auditor;

(f) ensuring receipt, at least annually, from the external auditor of a formal written statement delineating all relationships between the Auditor and the Corporation or KPLP, including non-audit services provided to the Corporation or KPLP;

(g) monitoring the Auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Corporation compared to the overall fee income of the firm, office and partner and other related requirements;

(h) assessing annually the qualifications, expertise and resources of the Auditor and the effectiveness of the audit process, which shall include a report from the Auditor on their own internal quality procedures;

(i) overseeing the work of the Auditor, including the resolution of disagreements between Management and the Auditor;

(j) meeting regularly with the Auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the Auditor at least once a year, without Management being present, to discuss their mandate and any issues arising from the audit;

(k) reviewing and approving the annual external audit plan and ensuring that it is consistent with the scope of the audit engagement;

(l) reviewing the findings of the audit with the Auditor;

(m) reviewing any representation letter(s) requested by the Auditor before they are signed by the Management;

(n) reviewing the Management letter and executive Management's response to the Auditor's findings and recommendations;

(o) giving consideration to the rotation of the audit partner on a periodic basis;

(p) reviewing any related findings and recommendations of the Auditor together with Management's responses including the status of previous recommendations;

(q) reviewing any serious difficulties or disputes with Management encountered during the course of the audit, including any restrictions on the scope of the Auditor's work or access to required information; and

(r) reviewing any other matters related to the conduct of the external audit, which are to be communicated to the Committee by the Auditor under generally accepted auditing standards.

3.5.3 Unless otherwise permitted by NI 52-110, the Committee must pre-approve any non-audit services to be provided to the Corporation or its subsidiaries by the Auditor. The Committee may delegate to one or more of its independent members authority to pre-approve non-audit services, but no such delegation may be made to Management of the Corporation. The pre-approval of non-audit services by any member to whom authority has been delegated hereunder must be presented to the Committee at its first scheduled meeting following such pre-approval.

3.6 Other Matters

The Committee shall:

(a) have access to sufficient resources, including to KPLP resources pursuant to the Administration Agreement, in order to carry out its duties, including access to the Corporation secretary for assistance as required;

(b) have access to tax and legal documentation of the Corporation as may be requested from time to time and to tax and legal advisors as required, in order to carry out its duties;

(c) be provided with appropriate and timely training, both in the form of an introduction program for new members and on an ongoing basis for all members; and

(d) oversee any investigation of activities which are within its terms of reference.

4. REPORTING

4.1 The Auditor must report directly to the Committee.

4.2 The chair of the Committee shall report to the Board generally on its proceedings after each meeting.

4.3 The Committee shall make whatever recommendations to the Board it deems appropriate on any matter within its mandate where action or improvement is needed.

4.4 The Committee's Charter shall be available on request and shall be available on the Corporation's website (if any).

4.5 The Committee shall review and reassess the adequacy of this Charter as required and recommend any proposed changes to the Board for approval.

5. REGULATORY DUTIES

5.1 In carrying out its duties the Committee shall:

(a) give due regard to:

(i) all relevant legal and regulatory requirements; and

(ii) the rules of any stock exchange or which the Corporation's securities may be listed; and

(b) ensure that it has such information as it considers necessary or desirable to fulfil its duties as set out in this Charter.

5.2 The Committee shall review any required disclosure in public documents with respect to the Committee and its functions, including the disclosure required in the Annual Information Form under Multilateral Instrument 52-110.

6. MEMBERSHIP

6.1 The Committee shall be made up of three members each of whom shall be a member of the Board.

6.2 All members of the Committee shall be "independent" as that term is defined in NI 52-110 and the standards of any stock exchange on which the Corporation's securities are listed, subject to any permitted transitional provisions.

6.3 Members shall serve one-year terms and may serve consecutive terms to ensure continuity of experience. Members shall be appointed each year to the Committee by the Board at the Board meeting that coincides with the annual shareholder meeting. A member of the Committee shall automatically cease to be a member upon ceasing to be a director of the Corporation. Any member may resign or be removed by the Board from membership on the Committee or as Chair of the Committee.

6.5 All members of the Committee must be "financially literate", as that term is defined in NI 52-110, or must acquire such literacy within a reasonable period of time after joining the Committee.

6.6 The Board shall appoint the chair of the Committee who shall be a non-executive director of the Corporation. In the absence of the Chair, the remaining members of the Committee present at a fully convened Committee meeting may elect one of their members to chair the meeting. The Board shall determine the period for which the chair of the Committee holds office.

6.7 The Board may from time to time remove members from the Committee.

7. SECRETARY

The Board shall designate from time to time the secretary of the Committee from one of the members of the Committee or, failing that, the Corporation's corporate secretary shall act as secretary of the Committee, unless otherwise determined by the Committee.

8. MEETINGS

8.1 The Committee shall meet at least four times in each year at appropriate times in the reporting and audit cycle and may call special meetings as required.

8.2 Meetings of the Committee shall be called by the secretary of the Committee at the request of any member of the Committee or at the request of the Auditor or any internal auditor if they consider it necessary.

8.3 Unless otherwise agreed, at least six (6) working days' notice shall be given of each meeting of the Committee. The notice period may be waived by all members of the Committee.

8.4 Unless otherwise agreed, notice of each meeting of the Committee shall:

(a) confirm the venue, time and date of the meeting;

(b) include an agenda of items to be discussed at the meeting; and

(c) be sent to each member of the Committee, the secretary, the Auditor and any other person required, invited or entitled to attend the meeting.

8.5 Supporting papers shall be sent to members of the Committee and to other attendees at the same time as the relevant notice.

8.6 The quorum necessary for the transaction of business by the Committee shall be a majority of the members of the Committee and a duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

8.7 Only members of the Committee shall have the right to attend meetings of the Committee. However, others (such as the other directors, representatives from the finance function of the Corporation and external advisers) may be invited to attend and speak at (but not vote at) a meeting of the Committee as and when appropriate.

8.8 The Auditor shall be invited to attend and speak at meetings of the Committee on a regular basis but shall not be entitled to vote at such meetings.

8.9 Meetings of the Committee may be held by conference telephone or similar communications equipment whereby all members participating in the meeting can hear each other; provided always however that at least once per annum a direct meeting shall be held between the Committee and the Auditor where a quorum of the members of the Committee and the Auditor are present in person at the same location.

8.10 Matters for decision by the Committee shall be decided by a majority decision of the members. In the case of an equality of votes, the Chair of the Committee will not be entitled to a casting vote.

8.11 The Committee may hold separate in camera sessions without Management present at the conclusion of any regularly scheduled meeting of the Committee at which members of Management are present.

9. MINUTES

9.1 The secretary of the Committee shall minute the proceedings and resolutions of Committee meetings and record the names of those present and in attendance.

9.2 The secretary of the Committee shall ascertain, at the start of each Committee meeting, the existence of any conflicts of interest and minute them accordingly.

9.3 Following each meeting of the Committee, the secretary shall circulate, for comment, draft minutes to each member who was present at the meeting.

9.4 After approval and signing of the minutes by the chair of the Committee meeting, the secretary shall circulate copies of the minutes to all members of the Board (unless a conflict of interest exists).

10. AUTHORITY

10.1 The Committee is a committee of the Board and as such exercises such powers of the Board as have been delegated to it.

10.2 The Committee is authorised by the Board to investigate any activity within its terms of reference.

10.3 The Committee is authorised to:

(a) seek any information it requires (including from KPLP pursuant to the Administration Agreement and Limited Partnership Agreement of KPLP) in order to perform its duties;

(b) engage independent counsel and other advisors as the Committee determines necessary to carry out its duties;

(c) set and pay the compensation for any advisors employed by the Committee;

(d) communicate directly with the Auditor and the internal auditors;

(e) commission any reports or surveys, which it deems necessary, to help it fulfil its obligations;

(f) secure the attendance of external advisors at its meetings (if it considers it necessary);

(g) call any officer to be questioned at a meeting of the Committee as and when required, all at the Corporation's expense; and

(h) delegate its authority and duties to a subcommittee or individual members of the Committee, as it deems appropriate, provided that the subcommittee is composed entirely of independent directors.

11. OWN PERFORMANCE

At least once a year, the Committee shall review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.