

# CODE OF BUSINESS CONDUCT AND ETHICS OF KRUGER PRODUCTS L.P.

## INTRODUCTION

It has been the policy of Kruger Products L.P. (the “Partnership”) to conduct its business ethically and in conformance with applicable laws, rules and regulations of all countries in which we do business. We expect every Employee, Officer and Director to observe high standards of honesty, integrity and fairness in conducting the Partnership’s business and to avoid any action that might expose the Partnership to potential embarrassment or liability.

Representatives of the Partnership must always consider how our actions affect the integrity and credibility of the Partnership as a whole. **This Code of Business Conduct and Ethics (the “Code”) applies to all Employees, Officers and Directors and provides various**

**rules and guidelines for ethical business practices and procedures.** It sets out basic principles to govern the manner in which all Employees, Officers and Directors shall conduct business and maintain relationships with its employees, customers, competitors, business partners and regulatory authorities and communities in all regions in which it operates. This Code is supplemented by other current policies adopted by the Partnership and those other policies that may be adopted by the Partnership from time to time.

**THE PARTNERSHIP IS COMMITTED TO ATTRACTING, DEVELOPING, MOTIVATING AND RETAINING TALENTED EMPLOYEES. WE STRIVE TO PROVIDE A FAIR, CHALLENGING AND REWARDING WORK ENVIRONMENT IN AN ATMOSPHERE OF OPEN COMMUNICATION, AND TO TREAT OUR EMPLOYEES AT ALL TIMES WITH FAIRNESS AND RESPECT.**

**EXCELLENCE. INNOVATION. SUSTAINABILITY.**



# 1 RESPONSIBILITIES

## 1.1 Employee Responsibility

It is the responsibility of each Employee, Officer and Director to apply the Code. Each Employee, Officer and Director is also responsible to ask questions, seek guidance and express concerns regarding compliance with this Code. Every Employee should be aware of and abide by the laws, regulations and company policies governing company business activities. No Employee will be subject to retaliation by the Partnership for reporting in good faith a violation of this Code.

The Code will be amended and updated from time-to-time as the situation warrants. Employees, Officers and Directors will be notified of changes and will be bound by them. Selected Employees, Officers and Directors will be required, on an annual basis, to sign a Certificate of Compliance signifying they have read the Code and agree to comply with it.

## 1.2 Board and Management Responsibility

The Board of Directors of KPGP Inc. (“KPGP”), in its capacity as general partner of the Partnership, and Officers of the Partnership will be responsible for the distribution of this Code to the relevant parties and fully embrace and support its implementation.

The Board of Directors of KPGP shall be responsible for the administration of this Code and shall have the sole authority to amend this Code.

Whenever necessary, this document will be periodically updated to reflect changes that may have been made to the policies, guidelines and programs of the Partnership as well as the laws and regulations in effect in the communities in which it operates.

The General Counsel and Corporate Secretary of the Partnership and management at all levels of the Partnership are responsible for ensuring adherence to this Code. The Board of Directors of KPGP has a general oversight function. Any significant deviation from the standards of conduct of this Code, whether actual or apparent, will be reported by management to the Board of Directors of KPGP along with actual or proposed remedial actions.

Amendments of this Code will be reviewed and approved by the Board of Directors of KPGP. Only the Board of Directors of KPGP may grant a waiver of any provision of the Code. A request for such waiver should be submitted in writing to the General Counsel and Corporate Secretary’s office for consideration by the Board of Directors of KPGP.

Management is responsible for providing guidance to assist Employees in complying with the Partnership’s expectations of ethical business conduct. Every manager is responsible for informing Employees about partnership policies and ensuring they are followed. They are also responsible for assisting Employees to resolve questions/issues and for maintaining a work environment where constructive, frank and open discussion is encouraged, without fear of retaliation.

## 2 WORK ENVIRONMENT

The Partnership is committed to maintaining a secure and productive work environment in which all Employees are treated fairly and with respect.

### 2.1 Non-Discrimination and Harassment

Every employee has the right to a workplace that promotes equal employment opportunities and prohibits discriminatory practices, including harassment (sexual, physical or verbal). Employees and candidates will be judged on the basis of their behaviour and qualifications to perform their jobs, without regard to race, gender, religion, disability, age, marital status, sexual orientation, political beliefs or any other characteristic protected by the applicable laws of the location where they are employed.

### 2.2 Career Development

The Partnership recognizes that its employees are essential to its success. Every employee who has employees reporting to them must promote the development of their employees to ensure both the breadth and depth of skills necessary for our continued success and satisfying careers for our employees.

## 3 BUSINESS PRACTICES AND COMPLIANCE WITH LAWS, RULES AND REGULATIONS

The Partnership strives to ensure that its business is conducted in accordance with all applicable laws.

### 3.1 Employment and Health and Safety

The Partnership will conform to all applicable laws and regulations relating to workplace health and safety. Every Employee is responsible for complying with the law and with safe work practices in order to protect his/her own health and safety.

### 3.2 Anti-Competitive Related Laws

The Partnership seeks to compete fairly and ethically within the framework of applicable competition laws.

Antitrust and other fair competition laws are enacted in all jurisdictions to limit practices that are seen to impair the function of a free and open market place.

Directors, Officers and Employees must abide by competition laws intended to ensure and maintain competition in the market place and deal with prohibited trade practices.

### 3.3 Communicating with Others

The Partnership strives to achieve clear, complete, accurate, and timely communications with all of its stakeholders and the public at large. When communicating on matters that involve the Partnership's business, no one is authorized to speak on behalf of the Partnership unless he/she has been expressly authorized to do so.

The Partnership seeks to ensure that all information required to be disclosed to shareholders of KP Tissue Inc. ("KP Tissue"), a public company which is a limited partner of the Partnership, is disclosed in a timely and appropriate manner, while protecting the commercially sensitive information of the Partnership. In view of this objective, the Partnership has adopted a Corporate Disclosure Policy, to which all Directors, Officers and Employees must adhere.

### 3.4 Accounting Practices

The Partnership is committed to financial reporting that is full, fair, accurate and understandable in accordance with applicable accounting requirements.

The ultimate responsibility for financial reporting and revenue recognition lies with senior Partnership Finance executives, however, all employees involved in the approval process for customer and supplier transactions must be aware of the basic criteria and raise concerns to the appropriate finance personnel.

Directors, Officers and Employees shall not directly or indirectly take any action to fraudulently influence, coerce, manipulate or mislead the Partnership's independent public auditors for the purpose of rendering the financial statements of the Partnership misleading or untrue.

### 3.5 Environmental Practices

The Partnership is committed to complying with the laws involving environmental quality and related health and safety issues.

Environmental protection is an integral part of doing business and the Partnership is committed to minimize, through a continuous improvement process, the impact that its activities may have on the environment. The Partnership recognizes the environmental implications of its activities as well as its responsibility to take all reasonable measures in order to conserve and protect the environment. To this end, the Partnership has adopted an Environmental Policy, attached hereto as “Appendix B”, and all employees shall abide by said policy.

### 3.6 Bribery and Kickbacks

The Partnership neither practices nor condones bribery wherever it is practiced, despite what may appear to be local customs. Employees, Officers and Directors must not give or offer anything of material value, directly or indirectly, to any customer or supplier as an inducement to obtain business or favorable treatment. Similarly, Employees, Officers and Directors must not accept anything with a significant monetary value in return for giving favorable treatment to customers or suppliers either for themselves or others. Violation of this principle may result in disciplinary action (up to and including dismissal).

Two important laws are applicable to the Partnership — the Canadian Corruption of Foreign Public Officials Act (CFPA) and US Foreign Corrupt Practices Act (FCPA). Both make it illegal to offer a direct or indirect benefit to a public official for the purposes of obtaining, retaining or directing business. The Partnership is a Québec partnership and is required to comply with CFPA and as it has subsidiaries in the United States, it must comply with FCPA. The Partnership also complies with all similar laws and regulations in other countries in which the Partnership operates.

### 3.7 Gifts, Hospitality and Other Benefits

In general, the Partnership allows the acceptance of token gifts, business meals and entertainment provided their value is appropriate to the business purpose served; and that acceptance is consistent with local business norms and practices. In the case of a gift, it must be of sufficiently limited value (usually less than \$50) and in a form such that it cannot be construed as a bribe. Unacceptable benefits include cash, goods or services for personal use, reduced prices, work performed gratuitously, and loans of money, material or equipment on a preferential basis. If an Employee feels that an exception to the above is justified by business circumstances, he/she must obtain approval, in advance, from their manager or Vice-President.

In some cases, an Employee may feel that refusal of a gift would be construed as discourteous by the host. In these cases, employees should accept the gift on behalf of the Partnership and report it to their manager who can decide how best to treat it.

Similar guidelines apply to the giving of gifts, meals and entertainment to customers and suppliers. Business entertainment should be moderately scaled and clearly intended to facilitate business goals. Moreover, meals, gifts and entertainment must never be offered to a customer or supplier whose own organization’s rules prohibit accepting them. In summary, nothing should be accepted or given that could impair, or appear to impair, the objectivity or impartiality of an Employee, Officer or Director.

### 3.8 Use of Consultants, Contractors and Other Non-Employees

Individuals or firms engaged to consult for or otherwise represent the Partnership or provide services to the Partnership must act on the Partnership’s behalf in a manner consistent with this *Code of Business Conduct and Ethics*; and shall be required to comply with these practices in their contract with the Partnership in the same manner as applied to employees of the Partnership.

## 4 PROTECTING ASSETS/INFORMATION

Safeguarding the Partnership's assets is crucial to maintaining the trust and confidence of its partners, as well as others who have a stake in the Partnership. All Employees, Officers and Directors are responsible for protecting the Partnership's assets.

### 4.1 Partnership Property

It is the responsibility of all Employees to use their best efforts to protect the Partnership's facilities, equipment and any other property from unauthorized use, loss, theft and misuse. Corporate assets may not be used for personal benefit, nor may they be sold, borrowed or given away without proper authorization. This includes the use of building and office facilities. Occasional personal use of certain corporate resources (e.g. computer, photocopier, fax, e-mail) is acceptable, however employees are expected to ensure that the interests of the Partnership are not adversely affected and to consult their manager for approval if in any doubt.

### 4.2 Proprietary and Confidential Information

The confidentiality of information provided by the Partnership or its business partners must be maintained, except when disclosure is authorized or legally mandated. All non-public information relating to the Partnership should automatically be considered to be confidential. Confidential Information should not be used for personal advantage nor be shared with fellow Employees, Officers, Directors or anyone outside the Partnership, unless there is a legitimate need to know.

Many Partnership documents and information (including Confidential Information) are proprietary — that is, they contain highly sensitive information critical to the conduct of the Partnership's business (e.g., marketing strategies, bids and proposals, training material, computer software programs, engineering ideas, designs, databases and unpublished financial data and reports) and sensitive human resources information. Information of this kind must be protected against unauthorized disclosure, distribution or misuse by, among others:

- Making sure all proprietary information, whether stored on paper, on computer or in other electronic form, is kept secure;
- Avoiding unauthorized disclosure of proprietary information; for example, checking that computer terminals, telephones, Personal Digital Assistants ("PDAs") and cellular telephones used to send and receive information are secure;
- Using caution when discussing such information in public places, (including taxis, trains and airplanes) with family members or friends who might pass the information on to others deliberately or unintentionally, or with business colleagues when the conversations might be overheard;
- Returning all proprietary information and documents provided by the Partnership, including all third party information entrusted to the Partnership, upon termination of employment or contract, or reassignment.

Confidential Information comprises any information that is not publicly known, including, without limitation, designs, processes and procedures which may not have been developed to the point where they can be patented or for which patent protection may never be available, business research, market or product plans, including those being formulated, results of market surveys, strategic objectives, acquisition plans, unpublished financial or pricing information, customer and vendor lists, sales records and territory, the results of market surveys, personnel information, computer software, and similar information regarding the Partnership's customers. Protection of this information plays a vital role in the Partnership's ability to remain competitive and in maintaining its business reputation.

Employees, Officers, Directors and Non-Employees of the Partnership are obligated to hold such information in trust for the benefit of the Partnership. Employees, Officers and Directors are therefore prohibited from discussing, disclosing or using for their own purposes any Confidential Information about the Partnership or in the possession of the Partnership unless such use or disclosure has been authorized. In any event, Confidential Information should not be disclosed to any other Partnership employee except on a “need to know” basis.

An Employee, Officer or Director’s obligations with respect to Confidential Information continue even after he/she leaves the employ of the Partnership (or, in the case of a Director, after the end of his or her term as a member of the board of directors of KPGP or a Subsidiary) until the information becomes publicly available or the Partnership no longer considers it confidential, a trade secret, or proprietary. Documents and records of any kind, specific process knowledge, procedures, and special Partnership ways of doing things — whether confidential or not — are the property of the Partnership and must remain at the Partnership.

#### **4.3 Safeguarding the Partnership’s Assets**

All Employees are accountable for the protection of the Partnership’s assets in their care, both physical (material, buildings, equipment, property, information, revenues) and logical (information systems, intellectual property). Access and use of these assets must be authorized, adequately controlled and based on business needs;

With respect to the Partnership funds, the Partnership’s cash, cheques, postage, etc. are to be properly used and protected. All expense vouchers, benefit claims and invoices must be accurate and properly authorized;

With respect to the Partnership’s books and records, all documents, reports and records must be accurate and complete. All contracts, agreements and transactions must be reviewed by appropriate departments and properly authorized.

## **5 CONFLICT OF INTEREST**

The Partnership respects the privacy of every employee in the conduct of his/her personal affairs. However, all Employees, Officers and Directors have a duty to ensure that their personal and financial interests do not conflict with, or appear to conflict with, their duties on behalf of the Partnership. Employees, Officers and Directors must be able to perform their duties and exercise their judgments on behalf of the Partnership without impairment by virtue of an outside or personal activity, interest or relationship. If you are an Employee and have questions regarding whether your personal interests in a given situation could possibly conflict with your duties on behalf of the Partnership, please contact your manager or Vice President.

### **5.1 Personal, Financial or Business Interests**

Employees, Officers and Directors may not use their position as an employee or director to derive or secure any personal, financial or other benefit for themselves, their relatives or associates. As well, Employees, Officers and Directors may not use their position to influence the Partnership to do business with a friend or relative, or with a business in which the employee, a friend or relative has an interest. In those events, the Employee, Officer or Director must disclose any potential conflict and withdraw from any participation in the selection of that business or business relationship.

Employees, Officers and Directors should not, directly or indirectly, have any significant financial interest in a competitor of the Partnership or its Subsidiaries or other member of the Kruger Group or any enterprise outside the Kruger Group that has business relations with the Partnership or its Subsidiaries or other member of the Kruger Group. A “significant financial interest” is one that is so substantial that it could reasonably be expected to interfere with an individual’s independent judgement or ability to act in the best interests of the Partnership. Owning shares in a large publicly held company not in excess of 1% of the outstanding shares of that company is not deemed to be a conflict of interest.

It would be improper for an Employee, Officer or Director or an ex-employee to acquire or “scoop” a business or financial opportunity that the Partnership has an interest in pursuing. This includes the purchase of stock in businesses being considered or evaluated for acquisition.

If an Employee or Officer, directly or indirectly, enters into an activity or obtains an interest (or if one already exists) that appears to contravene any of the above, that Employee must disclose the facts relating to the activity or interest in writing to their manager or Vice President. The Employee will be expected to take whatever action is determined by the Partnership to be appropriate to cure any contravention that is found to exist.

## 5.2 Disclosure of Interest

The Partnership may, from time to time, enter into contracts (for example, for the purchase of services or supplies) with other members of the Kruger Group. These contracts may come before the Board of Directors of KPGP for approval. As certain Directors also serve as directors or officers of other members of the Kruger Group, such contracts may present a perceived conflict of interest. To directly address any perceived conflict, a Director who has an interest in respect of any material contract or material transaction being considered at any meeting of the Board of Directors of KPGP or a board of directors of a Subsidiary must immediately declare his interest. A Director will be deemed to have an interest in a material contract or material transaction if the Director (i) is a party to the contract or transaction, (ii) is a director or an officer of, or is serving in a similar capacity for, a party to the contract or transaction, or (iii) has a material interest in a party to the contract or transaction.

Depending on the circumstances, upon the disclosure of a Director's interest in a material contract or a material transaction, the disclosing director or the other members of the Board may decide to limit the participation of the disclosing Director in the discussion about the material contract or material transaction in question. Even if a director has disclosed an interest in a material contract or a material transaction being considered at any meeting of the Board, the disclosing director can vote on the contract or transaction if it is related to the individual's remuneration, the purchase of liability insurance or a contract or transaction with a member of the Kruger Group. Otherwise, the disclosing director must refrain from voting on the contract or transaction.

The entering into by the Partnership of a transaction with a member of the Kruger Group or a director or officer of a member of the Kruger Group that would reasonably be expected to transfer value from the Partnership to that person will, under the Limited Partnership Agreement, require the unanimous approval of the limited partners of the Partnership.

## 5.3 Purchasing Activities

Employees of the Partnership should ensure that they receive the maximum quality and the full benefit of goods and services for the price paid. Employees should therefore avoid creating or being placed in situations that could compromise the Partnership's relationships or subject its reputation to any suspicion. Employees should always deal fairly with the Partnership's partners, customers, suppliers, competitors and other employees. For example, Employees, Officers and Directors, as well as their spouses and immediate family, are prohibited from forming joint ventures or partnerships dealing with the Partnership or any of its subsidiaries or affiliates, unless prior authorization from the Partnership is received. In addition, Employees, Officers and Directors must handle in an ethical manner any actual or apparent conflict of interest between their personal and professional relationships. When aware of a situation of conflict of interest, Employees and Officers must notify their manager, and Directors must notify the Board of Directors of KPGP, which will initiate appropriate action to remedy the situation.

## 5.4 Outside Activities

Employees are free to use their own time as they wish with the following limited exceptions. Certain outside activities have the potential to interfere with job responsibilities or to constitute a conflict of interest. In these cases, employees should disclose these activities to their manager in advance and obtain approval. The manager may consult their own management or Human Resources Department as necessary. Employees may not take up employment with or provide services to competitors, customers or suppliers of the Partnership or another member of the Kruger Group. They may not serve as directors or officers to any of these organizations, without prior Partnership approval.

Where Employees start their own businesses or take on additional part-time work with organizations that are not competitors, customers or suppliers, the Employee must notify his/her manager of this fact and it is the Employee's responsibility to ensure that these activities do not interfere with their job performance at the Partnership. If such activities have any affect on the Employee's performance at the Partnership, the Employee may be required to cease the activity. Employees may not use the Partnership time, resources or assets to run nor further any other business activity.

Employees may participate in civic, charitable or professional activities provided the activities do not interfere with the Employee's job at the Partnership. However, Employees may not use the Partnership's name to lend weight or prestige to an outside activity without prior permission.

## 5.5 Political Activities and Contributions

All political activities and contributions made on behalf of the Corporation will be in accordance with the law. Employees, Officers and Directors may, of course, make personal contributions on their own, however, the Employee, Officer or Director must avoid any appearance that the contribution is being made on behalf of the Partnership.

## 5.6 Personal and Family Relationships

The Partnership does not discourage relatives from working for the Partnership; however, Employees should not normally supervise or be in a position to influence the hiring, job responsibilities or performance assessments of a relative. Where this situation arises, the Human Resources department should be notified and involved.

Purchases by or on behalf of the Partnership of any goods or services from entities wholly or partially owned or operated by other Employees of the Partnership or employee of any other member of the Kruger Group, their spouses or immediate family, as well as purchases made based on non-professional relationships are prohibited unless written approval is requested of and received from their manager or Vice President. If any such relationship presently exists, Employees must notify their manager or Vice President, and, unless the arrangement is authorized, the relationship must be terminated within 30 days of the date of notification.

Human Resources should also be advised when an Employee's spouse, partner or immediate family member is employed by a competitor of the Partnership or any other member of the Kruger Group. Such situations may call for extra sensitivity to security, confidentiality and conflicts of interest. In assessing the situation, there are a number of factors to consider; the relationship between the Partnership or other member of the Kruger Group and the other company; the nature of both individual's responsibilities; and the access the individual has to his/her respective employer's confidential information. Usually, the risk will be remote and the Employee will be cautioned against disclosing the Partnership confidential information. However, in some instances, the Employee's job responsibilities may need to be changed.

## 6 INSIDER TRADING

Directors, Officers and Employees must not purchase or sell securities of KP Tissue while in possession of material non-public information concerning the Partnership or KP Tissue. For further detail, please refer to the Insider Trading Policy of the Partnership, to which Directors, Officers, Senior Management and any other Employee who may be in possession of or have access to confidential, material information regarding KP Tissue must adhere.

## 7 INFORMATION

Employees are encouraged to bring any questions regarding this Code or its application to their manager. In many cases, what appears prohibited, may, under certain circumstances, be permitted through disclosure and approval. No set of principles can eliminate the need for human judgement.

This Code is not intended to be a comprehensive rulebook. Any Employee uncertain about the scope of an action he or she is about to take or who would like more information on how to interpret this Code may contact their local Human Resources manager or Vice President.

## 8 REPORTING VIOLATIONS AND WHISTLEBLOWING POLICY

The Partnership is committed to maintaining high standards of honesty and accountability, and recognizes that each of its employees has an important role to play in achieving this goal.

To ensure that the Partnership continues to operate at a high standard, we have incorporated this Whistleblowing Policy in the Code of Business Conduct and Ethics. This policy sets out how someone with a concern can raise it. The procedures in this policy are open to all Employees, Officers and Directors, as well as customers, suppliers, investors and other stakeholders.

"Whistleblowing" is a term used to describe the disclosure of what is possibly an illegal, unethical or improper act or omission. A person who makes such disclosure may be referred to as a "Whistleblower".

If you honestly believe, in good faith, that someone is doing or may do any of the following, you should use this policy:

- (i) illegal behaviour;
- (ii) unethical behaviour;
- (iii) fraud or misappropriation;
- (iv) breach of the Code of Business Conduct or other corporate policy;
- (v) discrimination or harassment;
- (vi) failure to comply with workplace rules putting the health and safety of others, or the environment, at risk;
- (vii) improper or questionable accounting, internal control or audit activities.

In some cases, it may be the failure to act that gives rise to the concern. Such omissions can also be reported.

However, you must only use this procedure if you believe honestly and in good faith that such behaviour, act or omission has occurred or may occur. If you use this procedure maliciously, in bad faith, make false allegations or do it for personal gain, you may be subject to disciplinary actions, including possible termination of your employment. This policy is not intended to deal with concerns or grievances that regularly arise in a workplace or to challenge decisions, practices or policies with which you disagree, unless they fall into the types of behaviours set out above.

If you have a concern of the type described above, you may do any of the following:

### CONTACT THE OFFICE OF THE EXTERNAL OMBUDSMAN:

By email at the following address:  
**ombudsman@kruger.com**

Leave a voicemail message at **1-877-843-4560**

You are not required to disclose your identity, however, in most cases it will make it easier for the concern to be investigated and resolved. In addition, without your name the results of the investigation cannot be discussed with you.

The Partnership will try to keep your name confidential, or disclose it only with your permission, but it is possible that it may need to be disclosed to ensure a proper investigation, to resolve the concern, or in a legal or regulatory proceeding.

The more information you can provide with respect to the concern the quicker and better we can investigate the matter and resolve it. Try to answer all of these questions:

- Who?** Who did what that is being complained of? Who knew about it?
- What?** What was done, or not done, that gave rise to the concern?
- Where?** Where was it done, or not done? Which facility?
- When?** When was it done or not done? Were there a number of occasions or a pattern of behaviour that gave rise to the concern?
- Why?** Why do you think it was done or not done?

Once received, the information will be reviewed and an impartial investigation commenced. The appropriate people will be contacted, on a confidential basis to the extent possible, to investigate the concern and Senior Management and/or the Board of Directors will be involved as appropriate. If warranted, corrective action and/or disciplinary steps, including possible termination of employment, may be taken. Reporting the activity to the proper authorities, if appropriate, may also be taken.

If possible and appropriate, the results of the investigation will be communicated to the person who raised the concern.

All Employees, Officers and Directors are required to cooperate in the investigation of any such concern and keep the fact of the investigation confidential. Failure to do so, or if one provides false information in the course of an investigation, may result in disciplinary action, including possible termination of employment.

The Partnership policy prohibits retaliatory action against any Employee, Officer or Director who, in good faith, reports suspected wrongdoers, unless the individual reporting is one of the violators. The Partnership will not tolerate any harassment or intimidation of any Employee, Officer or Director who reports a valid misconduct. Disciplinary action may be taken against any individual who retaliates, directly or indirectly, or encourages others to do so, against an employee who reports a violation.

## 9 PENALTIES FOR VIOLATIONS

The Partnership is committed to taking prompt and consistent action against violations of this *Code of Business Conduct and Ethics*. Violations are subject to disciplinary action up to and including immediate termination. The following are examples of conduct that may result in discipline:

- Retaliation against any person within the Partnership for reporting a conduct concern;
- Any action that violates this Code or applicable laws, rules, or regulations;
- Encouraging, requiring or requesting others to violate this Code or applicable laws, rules, or regulations;
- Failure to cooperate in internal investigations of possible violations of this Code or applicable laws, rules, or regulations; and
- Failure to demonstrate the leadership and diligence needed to foster compliance with this Code or applicable laws, rules, or regulations.

The above are examples only and are not meant to be an exhaustive list of the types of conduct that violate or potentially violate this Code. The Partnership will evaluate suspected violations on a case-by-case basis. Reports of suspected violations will be promptly investigated internally, and an appropriate sanction will be imposed for violations, including reporting the violation to authorities, as determined at the Partnership's sole discretion.

## 10 CERTIFICATE OF COMPLIANCE

The Partnership is also committed to ensuring that there are no gaps between our principles and our achievements. The Partnership must communicate its standards of conduct and employees must agree to follow them. While all Employees, Officers and Directors are subject to the Code, selected Employees, Officers and Directors will be required to sign a *Certificate of Compliance and Conflict of Interest Disclosure Statement* signifying they have read the Code and will comply with it.

## 11 DISTRIBUTION AND APPLICATION OF THIS CODE

The Board and Officers of the Partnership will be responsible for the distribution of this Code to the relevant parties and fully embrace and support its implementation.

The Board shall be responsible for the administration of this Code and shall have the sole authority to amend this Code.

Whenever necessary, this document will be periodically updated to reflect changes that may have been made to the policies, guidelines and programs of the Partnership as well as the laws and regulations in effect in the communities in which it operates.

## 12 FRAUDULENT CONDUCT

Any act, omission or behaviour on the part of an Employee, Officer or Director undertaken with the intent to defraud or mislead the Partnership, whether financially or otherwise, will be grounds for disciplinary action, which may include dismissal and prosecution.

## 13 CONCLUSION

The Partnership reserves the right to modify, revoke, suspend or change, in writing, any or all such plans, policies or procedures, in whole or in part, at any time, with notice (each, a "Modification"). Every Employee, Officer and Director shall be bound by this policy and any Modification made to it in the future. Any such Modification not in writing shall be of no effect.

The foregoing does not constitute an exhaustive statement and is meant to be only a general guideline to give each Employee, Officer and Director the basis of conduct considered by the Partnership to be unacceptable on the one hand, and reasonable, lawful and acceptable on the other hand, and to permit each Employee, Officer and Director to advise those outside the Partnership of its official policy. These guidelines, when used with sound judgment and common sense, should properly protect the Partnership and its employees.

## APPENDIX “A”

### DEFINITIONS

1. **“Board”** means the Board of Directors of KPGP Inc.
2. **“Code”** means this Code of Business Conduct and Ethics.
3. **“Directors”** means members of the respective boards of directors of KPGP and the Subsidiaries of the Partnership.
4. **“Employee”** and **“Employees”** means every person that is employed on a part-time, permanent or contractual basis by the Partnership.
5. **“KP Tissue”** means KP Tissue Inc.
6. **“Kruger Group”** means Kruger Inc. and its affiliates, including the Partnership.
7. **“Limited Partnership Agreement”** means the amended and restated limited partnership agreement dated as of December 13, 2012 between KPGP Inc., as general partner, and Kruger Products 2010 L.P., a wholly-owned subsidiary of Kruger Inc., and KP Tissue Inc.
8. **“Non-Employee”** means any agent or other person performing services for the Partnership.
9. **“Officer”** and **“Officers”** means any employee who has the title of Chairman, Vice-Chairman, Chief Executive Officer, President, Vice President, Secretary or Treasurer.
10. **“Partnership”** means Kruger Products L.P. and the Subsidiaries.
11. **“Representative”** means any Employee, Officer, Director, agent or other person performing services for the Partnership.
12. **“Senior Management”** of the Partnership means the Partnership’s Officers, Directors and mill managers.
13. **“Subsidiaries”** of the Partnership means any company which is controlled directly or indirectly by the Partnership.

## APPENDIX “B”

### PARTNERSHIP ENVIRONMENTAL POLICY

#### ENVIRONMENTAL POLICY

For many years, the Partnership has been committed to protecting the environment, preventing pollution and managing environmental risks that may arise from our operations. The Partnership recognizes environmental protection as one of our corporate values and a key component of sound business performance. We are committed to providing a quality product in a manner that minimizes our impact on the environment.

Our commitment is based on the following principles:

- We integrate the consideration of environmental concerns and impacts into all of our decision-making and activities;
- We promote environmental awareness among our employees and encourage them to work in an environmentally responsible manner. We provide our employees with the necessary training to enable them to apply this policy in their daily work;
- We support the responsible management of natural resources, including forests, fish and aquatic habitats, wildlife, air, water and land;
- We are committed to complying with all federal, provincial/state and municipal legal requirements and other voluntary requirements applicable to our facilities;
- We strive to use resources efficiently, to minimize our environmental footprint and to continually improve our environmental performance;
- We carry out the present policy through an effective environmental management system;
- We establish, monitor, and regularly review environmental objectives and targets;
- We regularly communicate our environmental program to our clients, customers and the public and encourage them to support it;
- We conduct frequent audits of our environmental performance;
- We require the Partnership’s facilities to provide reports on their environmental performance to senior management on a regular basis.

We require all our facilities and all our employees to comply with this policy.

## CERTIFICATE OF COMPLIANCE AND CONFLICT OF INTEREST DISCLOSURE STATEMENT

You should have received a copy of the Partnership's Code of Business Conduct and Ethics (the "Code"). If you have not received the Code, contact your Vice President.

This certificate covers the year proceeding the date you sign it. "Partnership" includes Kruger Products L.P. and all its subsidiaries. "Representative of the Partnership" includes officers, employees, agents or any other person performing services for the Partnership and directors of KPGP Inc. and the Subsidiaries of the Partnership.

Any exceptions to the statement below should be explained beneath the statement or on a separate sheet. If you have any questions regarding this Certificate of Compliance, or any of the policies of the Partnership, please address them to your manager or Human Resources Department.

1. I am familiar with the Code of Business Conduct and Ethics of the Partnership and I certify that, to the best of my knowledge, I am not, nor am I aware of any Representative of the Partnership being in violation of the Code and/or the policies, laws, rules or regulations referred to therein. *(All exceptions to this statement should be listed in the space provided below.)*

2. I am currently, or during the past year, have been involved with the following outside activities (list all second jobs or other commercial activities and outside paid directorships):

3. To the best of my knowledge, I currently do not have, nor have I had during the past year any ownership interests\* in suppliers, customers and/or competitors, except as listed below:

\*Ownership interest do not include ownership of any securities in which you have an interest solely through a mutual fund investment or any investment that represents less than 1% of the total issued and outstanding shares of a public company.

4. During the past year, I have not received any unacceptable benefits from suppliers including cash, goods and services for personal use, reduced prices, work performed gratuitously and/or loans or money, material or equipment on a preferential basis.

Signed at \_\_\_\_\_, this \_\_\_\_\_, 20\_\_\_\_\_.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Business Unit: \_\_\_\_\_