

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
1242939 B.C. UNLIMITED LIABILITY COMPANY, 1241423 B.C. LTD., 1330096 B.C. LTD.,
1330094 B.C. LTD., 1330092 B.C. UNLIMITED LIABILITY COMPANY, 1329608 B.C.
UNLIMITED LIABILITY COMPANY, 2745263 ONTARIO INC., 2745270 ONTARIO INC.,
SNOSPMIS LIMITED, 2472596 ONTARIO INC., AND 2472598 ONTARIO INC.**

Applicants

**AIDE MEMOIRE OF THE APPLICANTS
(Re: Hardship Program)
(Returnable February 11, 2026)**

February 10, 2026

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TO: THE SERVICE LIST

I. OVERVIEW¹

1. Employee Representative Counsel (“**ERC**”) has brought a motion seeking approval of the Hardship Programs Term Sheet (the “**Term Sheet**”), which is scheduled to be heard February 11, 2026. The Term Sheet is the product of extensive discussions involving the ERC, the Secured Lenders, and the Applicants, in consultation with the Monitor, and the Trustees of the Zellers Limited Health and Welfare Trust Fund (the “**Trust**”).²

2. The Trust Program, as outlined in the Term Sheet, represents a compromise with respect to competing claims by the Applicants and the Secured Lenders, and the ERC on the assets of the Trust. The Trust Program is the culmination of significant negotiations between the ERC, the Secured Lenders, and the Applicants, in consultation with the Monitor, the Trustees, and Manulife.³

3. The proposed resolution, as outlined in the Term Sheet, would benefit various stakeholders of the Company. Most importantly, the proposed resolution provides a mechanism by which some of the Company’s most vulnerable former employees will receive a continuation of long-term disability (LTD) benefits, through the payment of Extended LTD Benefits, the Woodward’s Replacement Policy, and eligible individuals will potentially have access to financial support through the possibility of a general Employee Hardship Fund.

4. The 188 recipients of Company-insured LTD benefits (administered by Manulife through an administrative services only arrangement (“**ASO**”)) were scheduled to have their LTD benefits terminated on June 15, 2025. While negotiations regarding the Term Sheet were ongoing, these benefits were extended at the request of the ERC and with the consent of the Secured Lenders, and with the support of the Monitor, through to and including February 15, 2026.⁴

5. As of February 4, 2026, there were 157 former employees in receipt of ASO LTD benefits under the HBC ASO Plan Document - the Extended LTD Recipients. The majority of the Extended LTD Recipients have qualified for LTD benefits under the “any occupation” provisions

¹ Capitalized terms used herein and not otherwise defined have the meanings ascribed to such terms in the affidavit of Rita de Fazio affirmed February 4, 2026 (the “**Fazio Affidavit**”).

² Fazio Affidavit at paras 12-15, 18, in the Motion Record of the Employee Representative Counsel dated February 4, 2026 (“**MR**”), at Tab 2.

³ Fazio Affidavit at paras 48-49 and 73, MR at Tab 2.

⁴ *Ibid* at paras 21(a) and 23-27.

of their respective plan documents, meaning that their claims have been approved on the basis that they are disabled from performing any occupation.⁵

6. The resolution before this Court provides for a process that would see the Extended LTD Recipients continue to receive payments until the earlier of (a) such time as their LTD Termination Payments are finalized and processed (subject to available funding in accordance with the Term Sheet, with a potential outside date of May 15, 2028); (b) the Extended LTD Recipient's attainment of age 65; and (c) the Extended LTD Recipients death.⁶

7. The Term Sheet provides a mechanism for the Woodward's LTD Recipient, an individual also receiving ASO LTD benefits and who is considered permanently disabled under the relevant ASO plan(which is not covered by the Trust), to continue receiving such support through the purchase of the Woodward's Replacement Policy.⁷

8. The Term Sheet also provides for the structure of an Employee Hardship Fund to be administered by the Monitor, provided the conditions set out in the Term Sheet for the establishment of such program have been met, whereby eligible employees, former employees and retirees (or their spouses and dependents) who are facing acute financial circumstances may apply for payments to assist in alleviating financial hardships.⁸

9. The Term Sheet also provides for certainty and a path forward in respect of the return of the Company Reserve Fund, currently held with Manulife, to be refunded to the Monitor, to be held pending distribution to the FILO Agent or pursuant to further Order of the Court.⁹

10. The Applicants support ERC's motion seeking approval of the Term Sheet. The Term Sheet is supported by the Monitor and the FILO Agent and the Applicants are not aware of any opposition from other Secured Lenders. The motion seeking approval of the Term Sheet should proceed without further delay. Any delay in approving the Term Sheet risks delaying the payment of interim Extended LTD Benefits to the Extended LTD Recipients, as proposed in the Term Sheet, the first installment of which is due February 15, 2026.

⁵ *Ibid* at paras 28-30.

⁶ *Ibid* at paras 59 and 71.

⁷ *Ibid* at paras 31-32, 54, 74-79.

⁸ *Ibid* at paras 80-93.

⁹ *Ibid* at paras 50-53.

A. The Trust

11. A critical component of the Term Sheet is the Trust, which, among other things, will provide the funds necessary to permit the payment of Extended LTD Benefits. The Trust was established by Zellers Limited on June 1, 1980. The Trust's assets, currently held at ScotiaWealth, total approximately \$9.9 million. By definition, the Trust funds were intended to and were held separate from the Settlor.¹⁰

12. The Company was not the initial settlor of the Trust. Rather, the Company's involvement with the Trust arose as a result of the Company's subsequent merger with Zellers, after the Trust had been created. As a result, the Company assumed responsibilities as the settlor of the Trust (*mutatis mutanda* for Zellers) and as a Participating Employer under clause 1.06 of the Trust Agreement and continued the Trust and its associated Plan.¹¹

13. The potential beneficiaries of the Trust are defined in the Trust Agreement. The Trust Agreement provides that the trustees agree to receive, hold and administer the trust fund "for the purpose of providing health and welfare benefits for Participating Members, their eligible dependents, or beneficiaries, but for no other purpose."¹²

14. The HBC Plan expanded the group of potential/eligible Participating Members under the Trust beyond former Zellers employees, to include the Company's employees and to provide benefits, including LTD Benefits, to: (a) the Company's employees, (b) Zellers employees hired prior to October 1, 2002, and (c) certain terminated associates and terminated distribution centre employees.¹³

15. The Trust assets are held in an account with ScotiaWealth. The Trust assets were held as at the Filing Date. In response to one of the claims raised by Mr. Turpin in his communications with the Monitor as described further herein, there is no evidence before this Court to suggest that the funds held in the Trust and invested by ScotiaWealth were funded from the proceeds of any sale of the Charter or other Art or Artifacts, and in fact, given the Trust funds existed at the

¹⁰ *Ibid* at para 35; Exhibit B in the Fazio Affidavit, MR at Tab 2B.

¹¹ Fazio Affidavit at para 40-41, MR at Tab 2.

¹² *Ibid* at paras 36-37.

¹³ *Ibid* at paras 36, and 40-43.

time of the CCAA filing – prior to the monetization of any such assets – there is no such connection.¹⁴

B. The Trustees

16. The three continuing Trustees of the Trust were and are necessary participants in order for the Term Sheet to be entered, approved and implemented. The Term Sheet has the potential to benefit a number of stakeholders, many of them the most vulnerable of the stakeholders. The Trustees themselves receive no personal benefit from the Term Sheet being approved and implemented.

17. To date, the Trustees have agreed to continue their role as Trustees to facilitate the implementation of the Term Sheet, with some protections being sought for these individuals, including the receipt of Tax Comfort and releases in respect of the Trust and implementation of the Term Sheet, and protection of disclosure of personal information.¹⁵

18. It is respectfully submitted that the protections being sought by the Trustees are commercially reasonable, and consistent with other protective orders granted by this Court in other proceedings. Without the Trustees' involvement, it is unclear who would step into their role to assist in implementing the Term Sheet.

19. The protections being sought by the Applicants on behalf of the Trustees were reasonable when the motion was filed on February 4, 2026, and critical given the nature of the responses served by Mr. Turpin on the CCAA service list, which speak to the possibility of retaliation and attempts to hold the Trustees personally responsible for claims of unjust enrichment.¹⁶

20. The Trustees, as individuals who have contributed significantly to this process, should not be exposed to personal liability as a result of their ongoing participation in implementing the

¹⁴ *Ibid* at para 45.

¹⁵ *Ibid* at para 60.

¹⁶ Thirteenth Report of the Monitor Alvarez & Marsal Canada Inc. dated February 9, 2026 (“**Thirteenth Monitor Report**”) at Appendix “C”. See for example, email correspondence from Mr. Robert Turpin dated February 4, 2026, at 9:20 PM where Mr. Turpin states the following: “Retaliation: Sealing the names of Trustees prevents me from holding them personally liable for the Unjust Enrichment of third parties at the expense of my lineage. Under the Charter of Rights and freedoms, the “Open Court Principle” must prevail unless there is a risk of serious harm, which has not been proven here.”

Term Sheet. Accordingly, the Applicants respectfully request that the Court grant the necessary orders to ensure the Trustees are afforded appropriate protections.

C. Mr. Turpin's Responding Emails and Requests for Accommodations

21. Following the service of the Motion Record by the ERC, Mr. Turpin issued four lengthy emails to the Court and Service List outlining various responses or grievances associated with the Motion.

22. These emails are the most recent communications by Mr. Turpin, who first reached out to the Monitor on Sunday, January 4, 2026, to outline various issues relating to the CCAA Proceedings and alleged claims. The Monitor has described the interactions and communications with Mr. Turpin in its Thirteenth Report.¹⁷ These interactions are extensive and the Monitor has taken a number of steps and provided Mr. Turpin with background information in respect of the proceedings, in an effort to assist in answering Mr. Turpin's communications.¹⁸

23. Mr. Turpin has raised various requests for accommodations in the Court process to address what he describes as his ADHD, Dyslexia and sensory disabilities.

24. Requests for accommodations in respect of the Court's proceedings remain the exclusive authority of the supervising Judges. Accessibility Coordinators are available in accordance with Ontario Public Service (OPS) Accessible Customer Service Policy¹⁹ to assist parties seeking accommodations.

25. Mr. Turpin's requests for accommodation were raised in respect of hearings held on January 16 and 27, 2026 before this Court regarding the Monitor's motion seeking to enforce a stay of proceedings in respect of Quebec litigation.²⁰ The Court provided for a number of accommodations to address Mr. Turpin's requests, including:

- (a) Ensuring Mr. Turpin was served with the motion materials;

¹⁷ Thirteenth Monitor Report at para 3.21. See also Appendix C of the Thirteenth Monitor Report.

¹⁸ *Ibid* at para 3.21-3.24. See also Appendix C of the Thirteenth Monitor Report.

¹⁹ [Ontario Public Service \(OPS\) Accessible Customer Service Policy](#)

²⁰ *Ibid* at para 3.7.

- (b) Forwarding additional copies of some of the written material to Mr. Turpin by the court office on the morning of the hearing, in response to his requests prior to the return of the hearing for a written summary of the intended oral submissions on this motion;
- (c) The court also made arrangements for the zoom functions of closed captioning and audio transcripts to be turned on and available to Mr. Turpin;
- (d) A court reporter was present throughout the hearing.²¹

26. Mr. Turpin ultimately chose not to attend the January 27, 2026, hearing.²²

27. A request for accommodation was recently addressed in *Niang v. Lakeshore Gardens Co-operative Homes Inc*²³:

[6] If a litigant's ability to participate fully and fairly in legal proceedings before this court is impaired by one or more disabilities, as recognized under the *Human Rights Code*, then he or she is entitled to accommodation to try to ameliorate, as best as possible, the prejudice caused by the disabilities. It is important for the court to accommodate litigants' disabilities as best as it can to the limit of undue hardship.

[7] People who request accommodation bear a burden to establish that they have disabilities that need specific accommodation. The case law speaks of the accommodation dialogue in which employers and service provides work together with a disabled person to try to understand his or her needs and to accommodate them as circumstances allow.

[8] But people who request accommodation are pursuing only their own interests. They must remember that in legal proceedings, there are two or more parties in a dispute and each is entitled to vindicate their legal rights in a fair process.

[9] The court cannot simply address the needs of one party alone where doing so may prejudice the other parties. Accommodations sought in legal proceedings must take into account that there are other people whose rights might be affected.

[...]

²¹ *In the Matter of a Plan of Compromise of Arrangement of 1242939 B.C, Unlimited Liability Company et al.*, (January 27, 2026), Court File No. 25-00738613-00CL, Ont. S.C.J. [Commercial List] at paras 18-21 (Endorsement) ("**Stay Confirmation Endorsement**") attached as Appendices B to the Thirteenth Monitor Report.

²² *Ibid* at para 3.24.

²³ [2024 ONSC 3246](#).

[29] But a disability is not a blanket permission to violate the *Rules* or other laws. Each case is dealt with on its merits in accordance with the facts and applicable law. The facts will include a party's disabilities where they are relevant. The goal is to try to maintain a level playing field by accommodating a party's disabilities so as to provide a fair, efficient, and affordable process to all parties.

28. In respect of the Hardship Term Sheet approval motion:
- a) Mr. Turpin was placed on the Service List and received a copy of the motion materials on February 4, 2026;
 - b) Mr. Turpin's lengthy email responses commenced within hours of receipt of the motion, which would suggest he had an opportunity to review the materials.
 - c) the Monitor's Thirteenth Report was served on February 9, 2026;
 - d) the ERC's factum provided further details of the legal submissions in support of the motion on February 9, 2026;
 - e) this Aide Memoire is being provided on February 10, 2026. The Monitor has provided Mr. Turpin with the zoom link for the upcoming hearing; and
 - f) the Court has been made aware of Mr. Turpin's recent objection and his continued requests for accommodation.
29. Mr. Turpin has not presented a legitimate or credible claim and/or interest in the Term Sheet motion. He has failed to file any evidentiary record before this Court to support the claims outlined in the extensive communications with the Monitor and Court.
30. Further, as noted by the Monitor:
- "As of the date of this Report, despite the voluminous correspondence, the Monitor is not aware of any evidence to substantiate Mr. Turpin's claims, and does not believe that Mr. Turpin has articulated a legitimate or credible basis to object to the Hardship Funds Order."²⁴
31. These CCAA proceedings involve numerous stakeholders and have involved multiple motions to address sales transactions and distributions of proceeds. These proceedings – "real

²⁴ Thirteenth Monitor Report at para 3.24.

time litigation” – are a balancing act of competing interests, under the supervision of an experienced Commercial Court.

32. It is critical that participants in the CCAA proceedings have certainty in the Orders made in the proceedings and that such orders not be the subject to late attempts to revisit the Orders, or some other form of collateral attack.

33. It is respectfully submitted that the motion seeking approval of the Term Sheet should proceed without further delay. Some of HBC’s most vulnerable stakeholders await approval of the Term Sheet, and any delay risks the potential of ongoing interim Extended LTD Benefits to the Extended LTD Recipients.

34. For these reasons, the Applicants respectfully request that the relief sought should be granted.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 10th day of February 2026.

Stikeman Elliott LLP

Stikeman Elliott LLP

Lawyers for the Applicants

SCHEDULE "A"
List of Authorities

1. *Niang v. Lakeshore Gardens Co-operative Homes Inc.*, 2024 ONSC 3246

I certify that I am satisfied as to the authenticity of every authority.

Date February 10, 2026

B. Keturako
Signature

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Court File No. CV-25-738613-00CL

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Proceeding commenced at Toronto

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