

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 1000156489 ONTARIO INC.

EIGHTH REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.

JUNE 18, 2024

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1.0 INTRODUCTION

- 1.1 On December 20, 2022 (the “**Petition Date**”), 1000156489 Ontario Inc. (f/k/a DCL Corporation) (the “**Applicant**”) obtained an initial order (the “**Initial Order**”) from the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). The proceedings commenced thereby are referred to herein as the “**CCAA Proceedings**”. Among other things, the Initial Order appointed Alvarez & Marsal Canada Inc. (“**A&M**”) as monitor in the CCAA Proceedings (in such capacity, the “**Monitor**”).
- 1.2 In connection with the CCAA Proceedings, A&M, then in its capacity as proposed monitor, filed the Pre-Filing Report of the Proposed Monitor dated December 20, 2022 (the “**Pre-Filing Report**”). The Monitor has provided to this Court seven reports (collectively and together with the Pre-Filing Report, the “**Prior Reports**”). The Prior Reports and other Court-filed documents in the CCAA Proceedings are available on the Monitor’s case website at: www.alvarezandmarsal.com/DCLCanada (the “**Case Website**”).¹
- 1.3 The Applicant is a subsidiary of its U.S. parent, H.I.G. Colors Inc. (“**Holdings**”), a direct wholly-owned subsidiary of the ultimate corporate parent, H.I.G. Colors Holdings, Inc. (“**HIG Colors Holdings**” and, together with Holdings and its direct and indirect subsidiaries, including the Applicant and its subsidiaries, the “**DCL Group**”).
- 1.4 The CCAA Proceedings were commenced as part of a larger coordinated restructuring of the DCL Group. On the Petition Date, HIG Colors Holdings and certain of its U.S.-based

¹ Materials filed in connection with the Chapter 11 Proceedings are available at: <https://cases.ra.kroll.com/DCL>

subsidiaries (collectively, “**DCL US**” or the “**Chapter 11 Debtors**”)² each filed voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the “**U.S. Bankruptcy Court**”, and such proceedings, the “**Chapter 11 Proceedings**”, and together with the CCAA Proceedings, the “**Restructuring Proceedings**”). On December 22, 2022, the U.S. Bankruptcy Court granted a number of “first day orders” in the Chapter 11 Proceedings.

- 1.5 As described in the Prior Reports, the DCL Group conducted a sales process in the Restructuring Proceedings that culminated in a transaction (the “**Transaction**”) with Pigments Services, Inc. (“**Pigments**”), an affiliate of the prepetition term loan lenders to the Applicant and DCL US. On March 29, 2023, this Court issued an Order, which, among other things, approved the Transaction. The Transaction closed on April 14, 2023.
- 1.6 On May 8, 2023, this Court issued an Order, which, among other things: (i) granted the Monitor the Expanded Powers (as defined and described in the Monitor’s fifth report dated May 3, 2023 (the “**Fifth Report**”)), expanding the powers of the Monitor to, among other things, oversee the wind-down activities of the Applicant; and (ii) changed the style of cause in the CCAA Proceedings.
- 1.7 On June 20, 2023, this Court issued an Order (the “**Claims Procedure Order**”), which, among other things: (i) granted the claims procedure (the “**Claims Procedure**”) by which creditors may file claims against the Applicant, or against the Applicant’s Directors or

² The Chapter 11 Debtors are: HIG Colors Holdings, Holdings, DCL Holdings (USA), Inc., DCL Corporation (USA) LLC, DCL Corporation (BP), LLC, and Dominion Colour Corporation (USA).

Officers, as applicable; and (ii) extended the Stay Period until and including December 31, 2023.

1.8 On December 6, 2023, this Court issued an Order, which extended the Stay Period until and including June 30, 2024.

1.9 The purpose of this eighth report of the Monitor (the “**Eighth Report**”) is to provide this Court with information regarding the following:

- (i) an update with respect to the CCAA Proceedings since the Monitor’s seventh report dated December 1, 2023 (the “**Seventh Report**”), attached hereto (without appendices) as **Appendix “A”**;
- (ii) an update on the Claims Procedure;
- (iii) the Monitor’s motion for an Order, among other things,
 - (a) extending the Stay Period until and including January 31, 2025 (the “**Stay Extension Order**”); and
 - (b) authorizing and empowering the Monitor to execute, for and on behalf of the Applicant, the Escrow Release and Termination Agreement (as defined below);
- (iv) the activities of the Monitor since the date of the Seventh Report; and
- (v) the Monitor’s conclusions and recommendations in connection with the foregoing, as applicable.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this Eighth Report, A&M, in its capacity as Monitor, has been provided with and has relied upon unaudited financial information and the books and records prepared by the Applicant and the DCL Group (collectively, the “**Information**”). Except as otherwise described in this Eighth Report:

- (i) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“CASs”) pursuant to the *Chartered Professional Accountants Canada Handbook* (the “**CPA Handbook**”) and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and
- (ii) some of the information referred to in this Eighth Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.

2.2 Future oriented financial information referred to in this Eighth Report was prepared based on the Applicant’s and the Chapter 11 Debtors’ estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results may vary from the projections, even if the assumptions materialize, and the variations could be significant.

- 2.3 Unless otherwise stated, all monetary amounts contained in this Eighth Report are expressed in Canadian dollars (“CAD”). Capitalized terms used but not otherwise defined herein shall have the meanings given to such terms in the Second Amended and Restated Sale Agreement dated as of March 28, 2023, between the Applicant, DCL US and Pigments (as appended to the Fifth Report).

3.0 UPDATES SINCE THE DATE OF THE SEVENTH REPORT

Registered Pension Plans

- 3.1 As described in the Fifth, Sixth and Seventh Reports, the Applicant is the sponsor of the following registered pension plans: (i) the Salaried DC Plan; (ii) the Hourly DC Plan; (iii) the Hourly DB Plan; (iv) the Salaried DB Plan; and (v) the Pension Plan for the Employees of Monteith Inc. registered under the *Pension Benefits Act* (Ontario) and the *Income Tax Act* (Canada) with registration number 1046994 (the “**Canadian Pension Plans**”). The Canadian Pension Plans were not assumed by Pigments as part of the Transaction.
- 3.2 On October 18, 2023, Wind-Up Orders were issued by the Financial Services Regulatory Authority of Ontario (“**FSRA**”) in respect of the Hourly DB Plan and Salaried DB Plan, effective April 14, 2023. Copies of the Wind-Up Orders are attached as appendices to the Seventh Report.
- 3.3 Wind-up reports filed with FSRA dated December 11, 2023 for the Hourly DB Plan and Salaried DB Plan (the “**Wind-Up Reports**”) show that as of April 14, 2023, being the wind-up date for both plans, the Salaried DB Plan had an estimated wind-up surplus of approximately \$2,770,900, and the Hourly DB Plan had an estimated wind-up surplus of approximately \$1,580,300. On February 11, 2024, FSRA approved the Wind-Up Reports.

Both Wind-Up Reports provide that the allocation of surplus will be dealt with in a subsequent report. Copies of the Wind-Up Reports and approval letters for each of the Hourly DB Plan and the Salaried DB Plan, respectively, are attached as **Appendices “B”, “C”, “D” and “E”** to this Eighth Report.

3.4 As discussed in the Fifth, Sixth and Seventh Reports, if, after the liabilities of the Hourly DB Plan or the Salaried DB Plan are settled and surplus assets remain, such assets will be allocated in accordance with each plan’s governing documents or as may otherwise be agreed with the Applicant’s plan members or as ordered by the Court. Absent a court order determining surplus ownership, entitlement to any surplus will be adjudicated by FSRA, and the distribution of such surplus is subject to the oversight and consent of FSRA.

3.5 Since the Seventh Report, the Applicant’s pension counsel and Monitor’s pension counsel continued to work with the Applicant to locate documents relevant to surplus entitlement. The documents are needed to assess whether the Applicant or the plan members are entitled to the surplus after all liabilities under the applicable plan have been discharged. This assessment includes conducting an historical legal analysis of entitlement to surplus based on the terms of all pension plan documents since the applicable plan’s inception that may be relevant to surplus entitlement. The process of obtaining plan documents has taken longer than anticipated given that the Salaried DB Plan and the Hourly DB Plan were originally established in 1977 and 1978, respectively.

Hourly DB Plan

3.6 Based on the Applicant’s and the Monitor’s pension counsel’s review of available information and documents regarding the Hourly DB Plan, if an agreement with the plan

members is not obtained, the Applicant, in coordination with the Monitor, intends to file an application to FSRA that demonstrates that entitlement to any surplus in the Hourly DB Plan (estimated to be approximately \$1.6 million) resides with the Applicant and intends to request that FSRA distribute all such surplus in the Hourly DB Plan accordingly. However, such application cannot be filed and adjudicated by FSRA until all the Hourly DB Plan's liabilities have been discharged through distribution or annuity purchase (i.e. until there is a crystalized surplus). Based on conversations held between the Applicant's legal counsel and the appointed administrator of the Hourly DB Plan and Salaried DB Plan, the Monitor understands that it is unlikely that all of the Hourly DB Plan's liabilities will have been discharged until late in 2024.

3.7 The Applicant, in coordination with the Monitor, intends to file the surplus application as soon as practicable after the liabilities have been discharged. Although the Applicant and Monitor will request that FSRA adjudicate the surplus application as soon as practicable after submission, the Monitor understands that it could take several months for FSRA to make a determination regarding surplus ownership in the Hourly DB Plan. However, this process and timeline can be abridged if there is an agreement with the plan members on the surplus entitlement.

3.8 Therefore, in an effort to avoid the additional time and costs of a full adjudication by FSRA of the surplus entitlement and to expedite distribution of the surplus once the liabilities have been discharged, counsel to the Applicant and the Monitor have shared a draft of the application for the Hourly DB Plan and all supporting materials with counsel to Teamsters Chemical, Energy and Allied Workers (Local Union No. 1979) (the "**Union**") and have discussed the merits of the application with Union counsel. The Monitor anticipates that

such discussions will continue once Union counsel has had an opportunity to review and consider the draft application and supporting materials.

Salaried DB Plan

- 3.9 As described in the Seventh Report, the relevant documents for the Salaried DB Plan have been more challenging to gather, and at this point may no longer exist. Applicant's counsel has made significant efforts to locate the relevant documentation, including making requests for disclosure from the applicable regulators, as well as current and former third-party consultants. While some documentation has been located, there remains gaps in the documents located for the Salaried DB Plan. The Applicant and the Monitor continue to consider options in light of this. As is the case with the distribution of the Hourly DB Plan, absent a court order determining surplus ownership, entitlement to any surplus will be adjudicated by FSRA, and the distribution of such surplus is subject to the oversight and consent of FSRA. However, as is the case with the adjudication of the Hourly DB Plan surplus, the process and the timeline for the Salaried DB Plan could be expedited with an agreement with the plan members on surplus entitlement.

Amounts Received by the Monitor on Closing

- 3.10 As described in the Sixth and Seventh Reports, the Monitor received the following amounts from Pigments upon the closing of the Transaction:
- (i) the Canadian Designated Amount Portion of USD\$575,000 (\$753,000);
 - (ii) the CCAA Cash Pool of USD\$750,000; and

- (iii) USD\$1,442,134.50 in respect of the amount of HST potentially exigible on the Transaction, to be held by the Monitor on behalf of DCL US, in trust (the “**HST Balance**”).

Canadian Designated Amount Portion

- 3.11 The Canadian Designated Amount Portion was established to pay all remaining costs, professional fees and other amounts in connection with the completion of the CCAA Proceedings and the wind-down of the Applicant.
- 3.12 As described in the Seventh Report, the Canada Revenue Agency (the “**CRA**”) performed an audit of the Applicant’s HST account relating to the post-filing period, which was completed in January 2024. The refund that was being held by the CRA in the amount of approximately \$134,100 has now been released to the Applicant.
- 3.13 As of the date of this Eighth Report, approximately \$836,500 of professional fees and costs have been paid in connection with the completion of the CCAA Proceedings, the Claims Procedure (discussed below) and the wind-down of the Applicant.
- 3.14 In addition to the amounts paid to date, the Monitor notes that these balances do not include: (i) deferred fees of the Applicant’s Canadian counsel of approximately USD\$360,000 incurred prior to closing of the Transaction, which were deferred by counsel to accommodate the closing of the Transaction and the Applicant’s cash flow constraints; and (ii) unpaid fees of the Applicant’s Canadian counsel of approximately \$50,000 incurred after the closing of the Transaction. It is currently contemplated that the above deferred and unpaid fees will be paid from any recoveries obtained by the Applicant in connection

with the Hourly DB Plan and Salaried DB Plan surplus entitlements, and any available funds in the Canadian Designated Amount Portion.

- 3.15 As set out in the following table, approximately \$84,100 remains in the Monitor's trust account, which is currently reserved to fund remaining professional fees anticipated to be incurred for final tax related and pension related work by the Monitor, the Monitor's legal counsel, and the Applicant's legal counsel (the "**Remaining Canadian Designated Amount Portion**").³

Canadian Designated Amount Portion <i>CAD \$000's</i>	
Initial funded amount	\$ 753.0
Add: HST refund	134.1
Add: Interest and other receipts	33.5
Less: Restructuring professional & tax advisory fees	(836.5)
Remaining Canadian Designated Amount Portion	\$ 84.1

CCAA Cash Pool

- 3.16 As of the date of this Eighth Report, the balance of the CCAA Cash Pool (i.e., USD\$750,000 plus accrued interest) continues to be held by the Monitor for the benefit of the Applicant's estate in the CCAA Proceedings, including any costs to administer the CCAA Proceedings. The Monitor anticipates using a small portion of this balance in order to administer and finalize the Claims Procedure. The Monitor does not anticipate these costs to be greater than \$100,000.

³ As noted in paragraph 6.2(iii) below, this balance together with the \$100,000 from the CCAA Cash Pool, together with any funds received by the Applicant in respect of the Hourly DB Plan and/or Salaried DB Plan surplus funds, are expected to provide sufficient liquidity to fund the remaining costs anticipated to be incurred to complete the wind-down of the CCAA Proceedings (and any related wind-down proceedings such as formal bankruptcies).

HST Balance

- 3.17 As described in the Seventh Report, DCL US and Pigments, with the assistance of its tax advisors, jointly filed a GST44 tax election form such that the sale of the DCL US business to Pigments was not subject to HST (the “**Tax Election Form**”).
- 3.18 After the filing of the Tax Election Form, Pigments requested the return of the HST Balance being held by the Monitor in trust. The Monitor and its legal counsel reviewed correspondence provided by Pigments in respect of the Tax Election Form filing, and the HST Balance was returned by the Monitor to Pigments following the parties agreeing on arrangements satisfactory to the Monitor to allow for same.

4.0 UPDATE ON THE CLAIMS PROCEDURE

Overview

- 4.1 Capitalized terms used but not defined in this section of the Eighth Report have the meaning ascribed to them in the Claims Procedure Order.
- 4.2 On June 20, 2023, the Court granted the Claims Procedure Order approving the Claims Procedure for the identification, quantification, and resolution of claims of certain creditors of the Applicant and the Applicant’s current and former Directors and Officers as at the date of the Initial Order.
- 4.3 Pursuant to the Claims Procedure Order, the deadline for the filing of:
- (i) Pre-filing Claims and Director / Officer Claims was August 18, 2023 (the “**Claims Bar Date**”); and

- (ii) Restructuring Period Claims was the later of: (a) 30 days after the date on which the Monitor sends a Claims Package with respect to a Restructuring Period Claim; and (b) the Claims Bar Date.

Status of Review and Assessment of Claims against the Applicant

4.4 A summary of filed Claims as of the applicable deadlines is included in the Seventh Report.

4.5 The following is an updated summary of the claims reviewed as at the date of this Eighth Report:

- (i) 112 Claims, totalling approximately \$18.2 million, have been admitted as filed;
- (ii) 57 Claims were subject to a Notice of Revision or Disallowance (“**NORD**”), which were issued by the Monitor and the time for Claimants to respond by way of a Notice of Dispute (“**NOD**”) has expired. The 57 NORDs issued to date represent a total allowed amount of approximately \$12.6 million in the aggregate, and represent a total of approximately \$3.6 million in disallowed claims;
- (iii) 1 Pre-filing Claim, in the amount of approximately \$3.75 million for wrongful termination filed by a former employee, was subject to a NORD which was issued by the Monitor on December 20, 2023. The Monitor subsequently received a Notice of Dispute of Revision or Disallowance from the respective Claimant on January 3, 2024. The Monitor and the Claimant have been engaged in ongoing discussions to resolve the claim and the Monitor anticipates a settlement will be reached in the near term (the “**Unresolved Claim**”); and

- (iv) 2 Claims totalling approximately \$136,000 were filed and subsequently withdrawn by the Claimant⁴.

Status of Claim Review						
CAD \$000's						
Claim Type	Claims as Filed		Adjustments		Accepted	
	#	Amount	#	Amount	#	Amount
<i>Resolved Claims</i>						
Prefiling Claims	163	\$ 36,368	56	\$ (3,654)	158	\$ 30,719
Restructuring Period Claims	6	96	1	(22)	5	74
Director / Officer Claims	-	-	-	-	-	-
Total Resolved Claims	169	\$ 36,464	56	\$ (3,676)	163	30,793
<i>Unresolved Claims</i>						
Prefiling Claims	1	\$ 3,750	-	\$ -	-	\$ -
Restructuring Period Claims	-	-	-	-	-	-
Director / Officer Claims	-	-	-	-	-	-
Total Unresolved Claims	1	\$ 3,750	-	\$ -	-	\$ -
Total Claims Filed	170	\$ 40,214	57	\$ (3,676)	163	\$ 30,793

Illustrative Estimated Creditor Recoveries

- 4.6 The Monitor has prepared an illustrative estimated recoveries analysis based on information available as at the date of this Eighth Report (the “**Illustrative Recoveries Analysis**”):

⁴ Withdrawn claims are reflected as an Adjustment in the summary table.

Illustrative Recoveries Analysis	
<i>CAD \$000's</i>	
CCAA Cash Pool (USD\$750,000) ⁵	\$ 1,031
Add: Deposit interest earned as of June 2024 (USD\$38,000)	52
Less: <u>Estimated Cost to Complete Claims Procedure</u>	<u>(100)</u>
Remaining CCAA Cash Pool for Distribution	\$ 983
Resolved Claim Amount	\$ 30,793
Unresolved Claim Amount per Proposed Revision	280
Total Claim Amount	\$ 31,073
<i>Illustrative Recovery</i>	<i>3.2%</i>

4.7 As per the Illustrative Recoveries Analysis above, the Monitor continues to hold the balance of the CCAA Cash Pool, which has been reduced by an estimated \$100,000 in order to administer and finalize the Claims Procedure. Based on the Illustrative Recoveries Analysis, the Monitor estimates that each Claimant with an accepted claim will receive a recovery of approximately 3.2% of their accepted claim amount. The Monitor cautions that the estimated illustrative recovery may change depending on the final settlement amount of the Unresolved Claim.

4.8 As described above, the Applicant's counsel and the Monitor continue to pursue a potential recovery from the surplus balance remaining after the wind-down of the Hourly DB Plan and Salaried DB Plan. Any recovery from this process, net of accrued unpaid professional fees, would be incremental to the above Illustrative Recoveries Analysis and may potentially increase the recovery to unsecured creditors.

5.0 ESCROW ARRANGEMENT

5.1 As described in the Prior Reports, in September 2016, the DCL Group acquired the shares of Dominion Colour Corporation (through Colour Acquisition Corporation ("**Colors**")),

⁵ Based on Bank of Canada exchange rate (USD to CAD) as of June 13, 2024.

which subsequently amalgamated with Dominion Colour Corporation, and after further amalgamations became the Applicant in 2022) from KNRV Investments Inc. (“**KNRV**”) pursuant to a share purchase agreement (as amended, the “**Share Purchase Agreement**”) that contemplated an earnout payment to KNRV (the “**Earnout Payment**”). As of November 18, 2022, the amount of the Earnout Payment of \$9.822 million was agreed to with KNRV.

5.2 Pursuant to section 2.9 of the Share Purchase Agreement, KNRV and Colors also entered into an escrow agreement with BMO Trust Company, as escrow agent, dated September 2016 (the “**Escrow Agreement**”), whereby an amount held by BMO Trust Company in accordance with the Escrow Agreement (together with any accrued interest thereon, the “**Escrow Amount**”) would be made available to satisfy any *bona fide* claim of Colors against KNRV for a specified period. The Monitor understands that the specified period has expired and the Monitor has not been advised of the existence of any such claims. Once such period has expired, the remaining Escrow Amount, less any amounts related to pending claims and applicable fees, costs and expenses, was to be released from escrow and remitted to KNRV in accordance with the terms and conditions of the Escrow Agreement. In advance of this motion, KNRV advised the Monitor that it was seeking the return of the Escrow Amount (of approximately \$700,000) pursuant to the Escrow Agreement.

5.3 Pursuant to the terms of the Stay Extension Order, the Monitor seeks authorization to sign, for and on behalf of the Applicant, the Escrow Release and Termination Agreement, substantially in the form attached as **Appendix “F”** hereto (the “**Escrow Release and**

Termination Agreement”). The Monitor intends to serve all parties to the Share Purchase Agreement and the Escrow Agreement with its materials for the upcoming motion.

6.0 EXTENSION OF THE STAY PERIOD

6.1 The Stay Period currently expires on June 30, 2024.

6.2 The Monitor proposes that this Court extend the Stay Period to January 31, 2025 for the following reasons:

- (i) the stay of proceedings should provide the time necessary for the Monitor and the Applicant to reach a settlement of the Unresolved Claim, continue to pursue the surplus balance from the Hourly DB Plan and Salaried DB Plan and administer the CCAA Cash Pool;
- (ii) the stay of proceedings is required to provide the necessary stability and certainty to enable the Monitor to facilitate the wind-down of the CCAA Proceedings;
- (iii) the Remaining Canadian Designated Amount Portion and approximately \$100,000 of the CCAA Cash Pool, together with any funds received by the Applicant in respect of the Hourly DB Plan and/or Salaried DB Plan surplus funds, are expected to provide sufficient liquidity to fund the remaining costs anticipated to be incurred to complete the wind-down of the CCAA Proceedings (and any related wind-down proceedings such as formal bankruptcies); and
- (iv) the Applicant, with the assistance and oversight of the Monitor, continues to act in good faith and with due diligence.

7.0 ACTIVITIES OF THE MONITOR SINCE THE DATE OF THE SEVENTH REPORT

7.1 Since the date of the Seventh Report, the activities of the Monitor have included the following:

- (i) administering the Claims Procedure, including resolving remaining claims and responding to questions from vendors and other third parties regarding the Claims Procedure;
- (ii) engaging in discussions with the Applicant's former management, as well as the Applicant's and the Monitor's legal counsel regarding the CCAA Proceedings, including wind-down activities;
- (iii) engaging in discussions with the appointed administrators of the Hourly DB Plan and Salaried DB Plan and Union counsel regarding the Hourly DB Plan;
- (iv) corresponding with the CRA regarding the status of the HST audit and various tax matters;
- (v) engaging in discussions with Pigments and its counsel regarding the return of the HST Balance;
- (vi) engaging in discussions with KNRV regarding the Escrow Amount;
- (vii) engaging in discussions with counsel to the Applicant's former cloud services provider in respect of the termination of services;

- (viii) responding to inquiries from stakeholders, including addressing questions or concerns of parties who contacted the Monitor on the hotline number or email account established by the Monitor for the CCAA Proceedings;
- (ix) posting non-confidential materials filed with this Court to the Case Website; and
- (x) with the assistance of its legal counsel, preparing this Eighth Report.

8.0 CONCLUSIONS AND RECOMMENDATIONS

- 8.1 For the reasons set out in this Eighth Report, the Monitor respectfully recommends that this Court grant the proposed Stay Extension Order.

All of which is respectfully submitted to this Court this 18th day of June, 2024.

**ALVAREZ & MARSAL CANADA INC.,
solely in its capacity as Monitor of
1000156489 Ontario Inc. (f/k/a DCL Corporation)
and not in its personal or corporate capacity**

Per:


Josh Nevsky

Senior Vice-President

Per:


Stephen Ferguson

Senior Vice-President

APPENDIX “A”

SEVENTH REPORT OF THE MONITOR DATED DECEMBER 1, 2023

(without appendices)

ONTARIO
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DECEMBER 1, 2023

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APPENDICES

Appendix “A” – Sixth Report of the Monitor dated June 14, 2023 (without appendices)

Appendix “B” – Wind-Up Order in respect of the Hourly DB Plan dated October 18, 2023

Appendix “C” – Wind-Up Order in respect of the Salaried DB Plan dated October 18, 2023

1.0 INTRODUCTION

- 1.1 On December 20, 2022 (the “**Petition Date**”), 1000156489 Ontario Inc. (f/k/a DCL Corporation) (the “**Applicant**”) obtained an initial order (the “**Initial Order**”) from the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). The proceedings commenced thereby are referred to herein as the “**CCAA Proceedings**”. Among other things, the Initial Order appointed Alvarez & Marsal Canada Inc. (“**A&M**”) as monitor in the CCAA Proceedings (in such capacity, the “**Monitor**”).
- 1.2 In connection with the CCAA Proceedings, A&M, then in its capacity as proposed monitor, filed the Pre-Filing Report of the Proposed Monitor dated December 20, 2022 (the “**Pre-Filing Report**”). The Monitor has provided to this Court six reports (collectively and together with the Pre-Filing Report, the “**Prior Reports**”). The Prior Reports and other Court-filed documents in the CCAA Proceedings are available on the Monitor’s case website at: www.alvarezandmarsal.com/DCLCanada (the “**Case Website**”).¹
- 1.3 The Applicant is a subsidiary of its U.S. parent, H.I.G. Colors Inc. (“**Holdings**”), a direct wholly-owned subsidiary of the ultimate corporate parent, H.I.G. Colors Holdings, Inc. (“**HIG Colors Holdings**” and, together with Holdings and its direct and indirect subsidiaries, including the Applicant and its subsidiaries, the “**DCL Group**”).
- 1.4 The CCAA Proceedings were commenced as part of a larger coordinated restructuring of the DCL Group. On the Petition Date, HIG Colors Holdings and certain of its U.S.-based

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subsidiaries (collectively, “**DCL US**” or the “**Chapter 11 Debtors**”)² each filed voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the “**U.S. Bankruptcy Court**”, and such proceedings, the “**Chapter 11 Proceedings**”, and together with the CCAA Proceedings, the “**Restructuring Proceedings**”). On December 22, 2022, the U.S. Bankruptcy Court granted a number of “first day orders” in the Chapter 11 Proceedings.

- 1.5 On December 29, 2022, the Applicant obtained an amended and restated Initial Order (the “**Amended and Restated Initial Order**”) that, among other things, approved the DIP Facility and the Final DIP Credit Agreement, and extended the Stay Period (each as defined in the Amended and Restated Initial Order).
- 1.6 As described in the Prior Reports, the DCL Group conducted a sales process in the Restructuring Proceedings that culminated in a transaction (the “**Transaction**”) with Pigments Holdings, Inc. (“**Pigments**”), an affiliate of the prepetition term loan lenders to the Applicant and DCL US. On March 29, 2023, this Court issued an Order (the “**Approval and Vesting Order**”), which, among other things, approved the Transaction. The Transaction closed on April 14, 2023.
- 1.7 On May 8, 2023, this Court issued an Order (the “**Expansion of Monitor’s Powers Order**”), which, among other things: (i) granted the Monitor the Expanded Powers (as defined and described in the Monitor’s fifth report dated May 3, 2023 (the “**Fifth Report**”))), expanding the powers of the Monitor to, among other things, oversee the wind-

² The Chapter 11 Debtors are: HIG Colors Holdings, Holdings, DCL Holdings (USA), Inc., DCL Corporation (USA) LLC, DCL Corporation (BP), LLC, and Dominion Colour Corporation (USA).

down activities of the Applicant; and (ii) changed the style of cause in these CCAA Proceedings.

1.8 On June 20, 2023, this Court issued an Order (the “**Claims Procedure Order**”), which, among other things: (i) granted the claims procedure (the “**Claims Procedure**”) by which creditors may file claims against the Applicant, or against the Applicant’s Directors or Officers, as applicable; and (ii) extended the Stay Period until and including December 31, 2023.

1.9 The purpose of the seventh report of the Monitor (this “**Seventh Report**”) is to provide this Court with information regarding the following:

- (i) an update with respect to the CCAA Proceedings since the Monitor’s sixth report dated June 14, 2023 (the “**Sixth Report**”), attached hereto (without appendices) as **Appendix “A”**;
- (ii) an update on the Claims Procedure;
- (iii) the Monitor’s motion for an Order to extend the Stay Period until and including June 30, 2024 (the “**Stay Extension Order**”);
- (iv) the activities of the Monitor since the date of the Sixth Report; and
- (v) the Monitor’s conclusions and recommendations in connection with the foregoing, as applicable.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this Seventh Report, A&M, in its capacity as Monitor, has been provided with and has relied upon unaudited financial information and the books and records prepared by the Applicant and the DCL Group (collectively, the “**Information**”). Except as otherwise described in this Seventh Report:

- (i) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“**CASs**”) pursuant to the *Chartered Professional Accountants Canada Handbook* (the “**CPA Handbook**”) and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and
- (ii) some of the information referred to in this Seventh Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.

2.2 Future oriented financial information referred to in this Seventh Report was prepared based on the Applicant’s and the Chapter 11 Debtors’ estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results may vary from the projections, even if the assumptions materialize, and the variations could be significant.

- 2.3 Unless otherwise stated, all monetary amounts contained in this Seventh Report are expressed in Canadian dollars (“**CAD**”). Capitalized terms used but not otherwise defined herein shall have the meanings given to such terms in the Second Amended and Restated Sale Agreement dated as of March 28, 2023, between the Applicant, DCL US and Pigments (as appended to the Fifth Report).

3.0 UPDATES SINCE THE DATE OF THE SIXTH REPORT

Registered Pension Plans

- 3.1 As described in the Fifth Report and Sixth Report, the Applicant is the sponsor of the following registered pension plans: (i) the Salaried DC Plan; (ii) the Hourly DC Plan; (iii) the Hourly DB Plan; (iv) the Salaried DB Plan; and (v) the Pension Plan for the Employees of Monteith Inc. registered under the *Pension Benefits Act* (Ontario) and the *Income Tax Act* (Canada) with registration number 1046994 (the “**Monteith Plan**”, and together with the aforementioned plans, the “**Canadian Pension Plans**”). The Canadian Pension Plans were not assumed by Pigments as part of the Transaction.
- 3.2 On October 18, 2023, Wind-Up Orders were issued by the Financial Services Regulatory Authority of Ontario (“**FSRA**”) in respect of the Hourly DB Plan and Salaried DB Plan, effective April 14, 2023. A copy of the Wind-Up Orders are attached hereto as **Appendices “B” and “C”**.
- 3.3 As discussed in the Fifth Report and Sixth Report, if, after the liabilities of the Hourly DB Plan or the Salaried DB Plan are settled and surplus assets remain, such assets will be allocated in accordance with each such plan’s governing documents or as may otherwise be agreed with the Applicant’s plan members or as ordered by the Court.

- 3.4 As noted in the Supplement to the Fourth Affidavit of Scott Davido sworn March 28, 2023, based on actuarial calculations, as of December 31, 2022, the Salaried DB Plan was in a surplus position in the amount of approximately \$3.49 million, and the Hourly DB Plan was in a surplus position in the amount of approximately \$1.56 million, in each case calculated on a solvency/wind-up basis.
- 3.5 Since the Sixth Report, the Applicant's pension counsel and Monitor's pension counsel have continued to work with the Applicant to locate documents that may be relevant to surplus entitlement. The documents are needed to assess whether the Applicant or the plan members are entitled to the surplus. This assessment, as required by FSRA, includes conducting a historical legal analysis of entitlement to surplus based on the terms of all pension plan documents since the applicable plan's inception that may be relevant to surplus entitlement. The process of obtaining plan documents has been challenging given that the Salaried DB Plan and the Hourly DB Plan are older pension plans which were originally established in 1977 and 1978, respectively.
- 3.6 Based on the Applicant's and the Monitor's pension counsel's review of available information and documents regarding the Hourly Plan, the Applicant, in coordination with the Monitor, expects to prepare an application to FSRA that entitlement to any surplus in the Hourly Plan resides with the Applicant and to distribute the surplus in the Hourly DB Plan accordingly. The entitlement to any surplus, and the distribution of such surplus, is subject to the review, oversight and consent of FSRA.
- 3.7 Although the Applicant and Monitor will request that FSRA review the surplus application as soon as possible after submission, the Monitor understands that it could take several

months for FSRA to review an application for surplus and make a determination on such application once it is submitted.

- 3.8 The relevant documents for the Salaried DB Plan have been more challenging to gather. Applicant's counsel has made significant efforts to locate the relevant documentation, including making requests for disclosure from the applicable regulators, as well as current and former third-party consultants. While some documentation has been located, there remains material gaps in the documents located for the Salaried DB Plan. The Applicant and the Monitor are considering options in light of this. As is the case with the distribution of the Hourly DB Plan, the entitlement to any surplus, and the distribution of such surplus, is still subject to the review, oversight and consent of FSRA.

Amounts Received by the Monitor on Closing

- 3.9 As described in the Sixth Report, the Monitor received the following amounts from Pigments upon the closing of the Transaction:
- (i) the Canadian Designated Amount Portion of USD\$575,000 (\$753,000);
 - (ii) the CCAA Cash Pool of USD\$750,000; and
 - (iii) USD\$1,442,134.50 in respect of the amount of HST potentially exigible on the Transaction, to be held by the Monitor on behalf of DCL US, in trust (the "**HST Balance**").

Canadian Designated Amount Portion

- 3.10 The Canadian Designated Amount Portion was established to pay all remaining costs, professional fees and other amounts in connection with the completion of the CCAA Proceedings and the wind-down of the Applicant.
- 3.11 As of the date of this Seventh Report, approximately \$718,000 of professional fees and costs incurred in connection with the completion of the CCAA Proceedings and the wind-down of the Applicant have been paid, leaving approximately \$35,000 of the Canadian Designated Amount Portion remaining in the Monitor's trust account.
- 3.12 The Applicant has continued to file monthly HST returns and, as of the date of this Seventh Report, has a receivable of approximately \$93,000 in HST refunds for the April 2023 to October 2023 period. The Canada Revenue Agency (the "CRA") has an ongoing audit of the Applicant's HST account relating to the post-filing period, and the refund is currently being held by the CRA until the audit has been completed. The Monitor continues to assist the Applicant to address the CRA's audit requests.
- 3.13 The Monitor expects to use the remaining Canadian Designated Amount Portion and the cash to be received from any HST refunds to fund the professional fees to be incurred for final wind-down tax-related and pension related work and, any remaining restructuring professional fees with respect to the Monitor, the Monitor's legal counsel, and the Applicant's legal counsel.

CCAA Cash Pool

- 3.14 As of the date of this Seventh Report, the entire balance of the CCAA Cash Pool continues to be held by the Monitor for the benefit of the Applicant's estate in the CCAA

Proceedings, including any costs to administer the CCAA Proceedings. The Monitor anticipates using a small portion of this balance in order to administer and finalize the Claims Procedure. The Monitor does not anticipate these costs to be greater than \$100,000.

HST Balance

- 3.15 The Monitor understands from Pigments that DCL US and Pigments, with the assistance of its tax advisors, jointly filed a GST44 tax election form by the appropriate deadline such that DCL US's sale of its business to Pigments was not subject to HST. The Monitor and its legal counsel are reviewing correspondence provided by Pigments in respect of same. The Monitor and its legal counsel continue to engage with Pigments and its tax advisors regarding the potential return of the HST Balance.

4.0 UPDATE ON THE CLAIMS PROCEDURE

Overview

- 4.1 Capitalized terms used but not defined in this section of this Seventh Report have the meaning ascribed to them in the Claims Procedure Order.
- 4.2 On June 20, 2023, the Court granted the Claims Procedure Order approving the Claims Procedure for the identification, quantification, and resolution of claims of certain creditors of the Applicant and the Applicant's current and former Directors and Officers as at the date of the Initial Order.
- 4.3 Pursuant to the Claims Procedure Order, the deadline for the filing of:
- (i) Pre-filing Claims and Director / Officer Claims was August 18, 2023 (the "**Claims Bar Date**"); and

- (ii) Restructuring Period Claims was the later of: (a) 30 days after the date on which the Monitor sends a Claims Package with respect to a Restructuring Period Claim; and (b) the Claims Bar Date.

Summary of Claims Filed

- 4.4 As of the Claims Bar Date, the Monitor received 170 Proofs of Claim (including 164 Proofs of Claim relating to unsecured Pre-filing Claims and six Proofs of Claim relating to unsecured Restructuring Period Claims) totalling approximately \$40.2 million of asserted Claims against the Applicant. No Director / Officer Claims were received by the Monitor.
- 4.5 The Monitor notes that the Union filed six Proof of Claims on behalf of all Unionized Employees, including one Proof of Claim for termination and severance and five Proof of Claims related to other grievances. Several Unionized Employees submitted duplicate claims with the Monitor for termination and severance and the Monitor has taken into account the higher of the claimed amount between the employee and the Union with respect to the duplicate claim.
- 4.6 A summary of filed Claims as of the date of this Seventh Report is provided in the table below. The Monitor's review is ongoing and the following information is intended for informational purposes only and is subject to change.

Summary of Claims Filed <i>CAD \$000's</i>		
Claim Type	#	Amount³
Prefiling Claims	164	\$ 40,118
Restructuring Period Claims	6	96
Director / Officer Claims	-	-
Total	170	\$ 40,214

Status of Review and Assessment of Claims against the Applicant

4.7 The following is a summary of the claims reviewed as at the date of this Seventh Report:

- (i) 112 Claims, totalling approximately \$18.2 million, have been admitted as filed;
- (ii) 54 Claims were subject to a Notice of Revision or Disallowance (“**NORD**”), which were issued by the Monitor and the time for Claimants to respond by way of a Notice of Dispute has expired. The 54 NORDs issued to date represent a total allowed amount of approximately \$12.6 million in the aggregate, and represent a total of approximately \$3.5 million in disallowed claims;
- (iii) 2 Claims totalling approximately \$136,000 were filed and subsequently withdrawn by the Claimant⁴; and
- (iv) 2 Pre-filing Claims are subject to ongoing review and adjudication by the Monitor, including: (a) one claim in the amount of approximately \$3.75 million for wrongful termination filed by a former employee; and (b) one claim in the amount of

³ Claims in a foreign currency are converted to CAD at the Bank of Canada daily average exchange rate in effect on the Petition Date.

⁴ Withdrawn claims are reflected as an Adjustment in the summary table.

approximately \$80,000 for payroll source deductions filed by the CRA (collectively, the “**Unresolved Claims**”).

Status of Claim Review						
<i>CAD \$000's</i>						
Claim Type	Claims as Filed		Adjustments		Accepted	
	#	Amount	#	Amount	#	Amount
<i>Resolved Claims</i>						
Prefiling Claims	162	\$ 36,289	55	\$ (3,574)	158	\$ 30,719
Restructuring Period Claims	6	96	1	(22)	5	74
Director / Officer Claims	-	-	-	-	-	-
Total Resolved Claims	168	\$ 36,385	56	\$ (3,596)	163	30,793
<i>Unresolved Claims</i>						
Prefiling Claims	2	\$ 3,830	-	\$ -	-	\$ -
Restructuring Period Claims	-	-	-	-	-	-
Director / Officer Claims	-	-	-	-	-	-
Total Unresolved Claims	2	\$ 3,830	-	\$ -	-	\$ -
Total Claims Filed	170	\$ 40,214	56	\$ (3,596)	163	\$ 30,793

Illustrative Estimated Creditor Recoveries

4.8 The Monitor has prepared an illustrative range of estimated recoveries based on information available as at the date of this Seventh Report (the “**Illustrative Recoveries Analysis**”):

Illustrative Recoveries Analysis	
CAD \$000's	
CCAA Cash Pool (USD\$750,000) ⁵	\$ 1,036
Less: Estimated Cost to Complete Claims Procedure	(100)
Remaining CCAA Cash Pool for Distribution	\$ 936
Low:	
Resolved Claim Amount	\$ 30,793
Unresolved Claims Amount as Filed	3,830
Total Claim Amount	\$ 34,623
Illustrative Recovery (Low)	2.7%
High:	
Resolved Claim Amount	\$ 30,793
Unresolved Claims Amount per Proposed Revision	280
Total Claim Amount	\$ 31,073
Illustrative Recovery (High)	3.0%

4.9 As discussed above, the Monitor continues to hold the CCAA Cash Pool of USD\$750,000, which is expected to be reduced by \$100,000 in order to administer and finalize the Claims Procedure. Based on the Illustrative Recoveries Analysis, the Monitor estimates that Claimants with an accepted claim will receive a recovery of approximately 2.7% to 3.0% of the accepted claim amount. The Monitor cautions that the estimated illustrative recovery may change as the Unresolved Claims continue to be reviewed and assessed.

4.10 As described above, the Applicant's counsel and the Monitor continue to pursue a potential recovery from the surplus balance remaining after the wind-down of the Canadian Pension Plans. Any recovery from this process would be incremental to the above illustrative analysis and may potentially increase the recovery to unsecured creditors.

5.0 EXTENSION OF THE STAY PERIOD

5.1 The Stay Period currently expires on December 31, 2023.

⁵ Based on Bank of Canada exchange rate (USD to CAD) as of November 10, 2023.

5.2 The Monitor proposes that this Court extend the Stay Period to June 30, 2024 for the following reasons:

- (i) the stay of proceedings will provide the necessary time for the Monitor and the Applicant to continue the ongoing review of the Unresolved Claims, continue to pursue the surplus balance from the Canadian Pension Plans and administer the CCAA Cash Pool;
- (ii) the stay of proceedings is required to provide the necessary stability and certainty to enable the Monitor to facilitate the wind-down of the CCAA Proceedings;
- (iii) the Canadian Designated Amount Portion and approximately \$100,000 of the CCAA Cash Pool is expected to provide sufficient liquidity to fund the remaining costs anticipated during the wind-down of the CCAA Proceedings (and any related wind-down proceedings such as formal bankruptcies); and
- (iv) the Applicant, with the assistance and oversight of the Monitor, continues to act in good faith and with due diligence.

6.0 ACTIVITIES OF THE MONITOR SINCE THE DATE OF THE SIXTH REPORT

6.1 Since the date of the Sixth Report, the activities of the Monitor have included the following:

- (i) administering the Claims Procedure, including performing/coordinating the noticing activities required under the Claims Procedure Order, preparing the reconciliation of submitted claims with the assistance of the Applicant's former management, and responding to questions from vendors and other third parties regarding the Claims Procedure;

- (ii) engaging in discussions with the Applicant's former management, as well as the Applicant's legal counsel, regarding the CCAA Proceedings, including wind-down activities;
- (iii) engaging in discussions with the appointed administrators of the Hourly DB Plan, Salaried DB Plan, Hourly DC Plan, and Salaried DC Plan regarding the Canadian Pension Plans;
- (iv) corresponding with the CRA regarding the status of the HST audit and various tax matters;
- (v) corresponding with the Applicant's cash management services provider in connection with the closure of the Applicant's bank accounts and other activities related to the wind-down of the Applicant;
- (vi) engaging in discussions with the Applicant's tax advisor with respect to the preparation and filing of the Applicant's 2023 income tax returns for the period ending March 31, 2023, sales tax returns, and the preparation and filing of various tax election forms;
- (vii) engaging with Pigments regarding the HST Balance;
- (viii) responding to inquiries from stakeholders, including addressing questions or concerns of parties who contacted the Monitor on the hotline number or email account established by the Monitor for the CCAA Proceedings;
- (ix) posting non-confidential materials filed with this Court to the Case Website; and

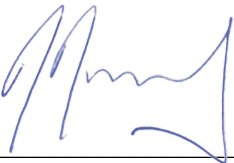
(x) with the assistance of its legal counsel, preparing this Seventh Report.

7.0 CONCLUSIONS AND RECOMMENDATIONS


7.1 For the reasons set out in this Seventh Report, the Monitor respectfully recommends that this Court grant the proposed Stay Extension Order.

All of which is respectfully submitted to this Court this 1st day of December, 2023.

**ALVAREZ & MARSAL CANADA INC.,
solely in its capacity as Monitor of
1000156489 Ontario Inc. (f/k/a DCL Corporation)
and not in its personal or corporate capacity**

Per: 

Josh Nevsky
Senior Vice-President

Per: 

Stephen Ferguson
Senior Vice-President

APPENDIX “B”

Wind-Up Report – Salaried DB Plan

DCL CORPORATION SALARIED PENSION PLAN

ACTUARIAL VALUATION REPORT ON THE WIND-UP AS AT APRIL 14, 2023

**DECEMBER 11, 2023
REGISTRATION NUMBER 0989616**

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Actuarial Solutions Inc.
19 Amy Croft Drive, Suite 203 | Lakeshore, Ontario N9K 1C7 | P: 519.979.4600 | TF: 866.323.7200 | F: 519.979.4699



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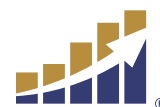
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SECTION 1 - INTRODUCTION

1.1 BACKGROUND

On December 20, 2022, DCL Corporation (formerly Dominion Colour Corporation) commenced proceedings under the Companies' Creditors Arrangement Act ("CCAA") before the Ontario Superior Court of Justice (Commercial List)¹. DCL Corporation subsequently changed its name to 1000156489 Ontario Inc. (hereinafter referred to as the "Company") effective April 19, 2023. Alvaraz & Marsal Canada Inc. was appointed as the court-appointed monitor of the Company in the CCAA proceedings.

Subsequently, pursuant to a second amended and restated asset purchase agreement dated as of March 28, 2023 (as it may be further amended, restated, modified, or supplemented), the Company sold substantially all of its property and assets (the "Transaction"). The Transaction closed on April 14, 2023. Upon closing of the Transaction, (i) substantially all of the salaried employees of the Company transferred to the operating assets purchaser and ceased to be employees of the Company, and (ii) the Company ceased funding any contributions to the Plan.

Actuarial Solutions Inc. was appointed by the Financial Services Regulatory Authority of Ontario ("FSRA") to be the Appointed Administrator of the DCL Corporation Salaried Pension Plan (the "Plan") as at April 14, 2023.

On October 18, 2023, FSRA issued an Order to wind-up the Plan effective April 14, 2023 (the "Wind-up"). Accordingly, we have performed an actuarial valuation of the Plan reflecting the wind-up as at April 14, 2023. In respect of the Wind-up of the Plan as at April 14, 2023, our valuation considers the plan provisions, membership, and asset as at April 14, 2023 (the "Wind-up Date") for the members affected by the Wind-up.

Each non-retired member affected by the Wind-up will be entitled to either a commuted value transfer or an annuity purchased on their behalf, whereas each retired member affected by the Wind-up will have an annuity purchased on their behalf.

Wind-up option forms will soon be provided to non-retired members affected by the Wind-up. As a result, in performing the valuation at the Wind-up Date, we have made an assumption with respect to member elections of commuted values and annuity purchases.

Subsequent Events

Equity markets and interest rates are inherently volatile. The impact of any changes in the equity markets and interest rates after the Wind-up Date have not been considered in this valuation but will be reflected in future reevaluations of the financial position of the Plan together with other emerging experience gains and losses.

¹ Additional information about the CCAA proceedings, including copies of relevant court orders, may be found on the Monitor's website, located at: <https://www.alvarezandmarsal.com/DCLCanada>.



Since the Wind-up Date, some non-retired members have elected to commence their pension, and their election has been considered in the assumed form of benefit settlement used in this valuation.

To the best of our knowledge, there have been no other events subsequent to the Wind-up Date that, in our opinion, would have a material impact on the results of the valuation.

We note that the true cost of the Wind-up will depend on the member elections and the actual market value of assets and the interest rate environment at the time of full settlement. Once approval for the Wind-up has been granted by FSRA, the financial position of the Plan should be reevaluated to determine any additional funding requirements for the Wind-up or potential claim to the Pension Benefits Guarantee Fund as a result of the Wind-up.

For clarity, this report does not address any potential surplus that may exist in the Plan after the base benefits are distributed. If there is any surplus in the Plan after the base benefits are distributed, the distribution of this surplus will be addressed in a separate report.

This report has been prepared, and my opinions given, in accordance with accepted actuarial practice in Canada. Notwithstanding the foregoing, emerging experience differing from the assumptions that were used in the valuation will result in gains or losses, which will be revealed in future valuations.

1.2 HISTORY OF THE PLAN

Prior to January 1, 1977, eligible salaried non-bargaining employees were included in pension plans sponsored by various Reed Ltd. companies (“Prior Plans”). On January 1, 1977, The Reed Pension Plan (Canada) (the “Reed Plan”) was established to provide pension benefits for non-bargaining employees within the Reed Ltd. group of companies, including employees who were employed in the Dominion Colour Division. The Reed Plan recognized pensionable service that employees had accrued in the various Reed-sponsored Prior Plans, however the pensions payable from such plans were considered to be offsets.

The Papeterie Reed Pension Plan “B” (“Plan B”) was a predecessor plan to the Reed Plan. Plan B was suspended as of January 1, 1977 and all members of Plan B commenced participation in the Reed Plan as at such date.

Effective January 1, 1982, Plan B was merged into the Reed Plan such that all pensions in pay and benefits accrued under Plan B became the responsibility of the Reed Plan.

Effective August 29, 1988, the name of the Reed Plan was changed to The Daishowa Pension Plan (Canada) as a result of the sale of Reed Canada Holdings Ltd., which owned Reed Inc., to Daishowa Inc. Daishowa Forest Products Ltd. assumed sponsorship of the former Reed Plan.

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Effective November 27, 1989, Dominion Colour Company Corp. purchased all the assets of the Dominion Colour Division of Daishowa Industries Ltd. and agreed to assume responsibility for the obligations of The Daishowa Pension Plan (Canada) in respect of the affected members through the establishment of The Dominion Colour Company Corp. Salaried Pension Plan (the “Plan”). Assets and liabilities were transferred from The Daishowa Pension Plan (Canada) to the Plan in respect of affected members.

Effective December 20, 1989, Kikuchi Color Canada Ltd. (“Kikuchi Canada”) purchased from Daishowa Inc. all of the issued and outstanding shares of the capital of Dominion Colour Company Corp. Immediately following the closing of such transaction, Kikuchi Canada authorized the dissolution of Dominion Colour Company Corp. in accordance with the Business Corporations Act (Ontario) with the result that effective December 20, 1989, Dominion Colour Company Corp. was “wound up” into Kikuchi Canada as such term is defined in the Income Tax Act.

Effective December 21, 1989, Kikuchi Canada changed its name to Dominion Colour Corporation.

Effective April 1, 2018, Dominion Colour Corporation changed its name to DCL Corporation.

The most recent amendment and restatement of the Plan was as at January 1, 2021.

The last valuation of the Plan was performed as at December 31, 2021. There have been no amendments to the Plan since the last valuation.

1.3 PURPOSES OF THE VALUATION

This report is being prepared for the purposes of winding-up the Plan as at April 14, 2023. In particular, this report is prepared for the following purposes:

- to present information on the financial position of the Plan at the Wind-up Date;
- to determine the total value of the benefit entitlements for members affected by the Wind-up;
- to disclose the lump sum amount for each member in the Plan whose benefits may have to be discharged by a lump-sum transfer;
- to determine the deficit related to the members affected by the Wind-up, if any;
- to determine any additional funding requirements or potential claim to the Pension Benefits Guarantee Fund as a result of the Wind-up, if any;
- to determine the amounts and methods of settlement of the benefit entitlements for members affected by the Wind-up; and
- to provide the information and the actuarial opinion required by the Financial Services Regulatory Authority of Ontario and Canada Revenue Agency.



For clarity, this report does not address any potential surplus that may exist in the Plan after the base benefits have been distributed. If there is any surplus in the Plan after the base benefits are distributed, the distribution of this surplus will be addressed in a separate report.

The information contained in this report was prepared for filing with the Financial Services Regulatory Authority of Ontario ("FSRA") and Canada Revenue Agency ("CRA").

This report should not be used for purposes other than those listed above, distributed to persons other than the intended users, except as required by law, or relied upon by any other person without the prior written consent of Actuarial Solutions Inc.

1.4 COMPLIANCE

This valuation was prepared under the auspices of the Ontario *Pension Benefits Act* and its Regulations, and in conjunction with the *Income Tax Act* (Canada).

It is noted that all members of the Plan were/are employed in Ontario.

All required contributions to the Plan in respect of the period up to the Wind-up Date have been remitted to the fund. Written notices have been sent to all members affected by the Wind-up.

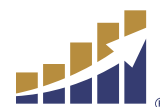
Each non-retired member affected by the Wind-up will soon be provided with a wind-up option form outlining their pension entitlement. Each such member is entitled to either 1) a commuted value transfer, subject to the limits under the *Income Tax Act* (Canada) and the locking-in requirements under the Ontario *Pension Benefits Act*, or 2) a deferred or immediate annuity purchased on their behalf. For members who elect commuted value transfers, interest will be credited from the Wind-up Date to the first day of the month of payout at the prescribed rates. I am not aware of any post-wind-up contingencies that may affect the benefit entitlements.

For greater clarity, all affected members are fully vested at the Wind-up Date. In addition, all benefits are subject to the locking-in requirements and the small amounts rules under the Ontario *Pension Benefits Act*.

Each retiree and beneficiary currently in receipt of a monthly pension affected by the Wind-up will have an immediate annuity purchased on his or her behalf.

The option forms which will soon be provided to the non-retired members affected by the Wind-up provide a joint and survivor option to comply with the requirements of the Ontario *Pension Benefits Act*. Non-retired members are also being provided with all applicable early retirement options. There are no special wind-up provisions in the Plan that would affect the members of the Plan.

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Members affected by the Wind-up whose age plus service is greater than or equal to 55 at the Wind-up Date are being provided with grow-in benefits as required under the Ontario *Pension Benefits Act*.

The lump sum entitlement of each member that may be transferred on a tax-deferred basis is limited to the amount prescribed under Section 8517 of the Regulation under the *Income Tax Act* (Canada).

No transfers will be made until the Wind-up is approved by FSRA and the fund has sufficient assets to provide all benefits in respect of all members affected by the Wind-up.

The Plan was contributory, however there are no voluntary contributions held under the Plan. The benefits provided under the Wind-up consider the minimum value of employee contributions with interest for pre-1987 benefits, and the minimum 50% cost rule for post-1986 contributions, as per the requirements of the *Pension Benefits Act*.

With respect to the Plan, we note the following:

- none of the benefits are insured;
- there are no prior plans or annuity contracts affecting the Wind-up benefits of the Plan;
- there are no ancillary benefits which require the consent of the Company; and

We understand that any applicable statutory notice periods have been included in the service of the members affected by the Wind-up.

This Report has been prepared using April 14, 2023 as the Wind-up Date, Calculation Date, and the Cut-off Date as defined in the Canadian Institute of Actuaries' Standards of Practice – Practice-Specific Standards for Pension Plans. In order to present the financial position of the Plan as at April 14, 2023, we have expressly set the Cut-off Date as the Wind-up Date. Once approval for the Wind-up has been granted by FSRA, and members have been provided with an opportunity to complete their wind-up option form elections, the financial position of the Plan should be reevaluated to determine if any additional funding requirements are required, if there is any potential claim against the Pension Benefits Guarantee Fund, and/or if there is any need to adjust the pensions for the members affected by the Wind-up.

In my opinion, the membership data on which the valuation is based is sufficient and reliable for the purposes of the valuation.

In my opinion, the capitalized values of the member's entitlements have been determined in accordance with the Canadian Institute of Actuaries' Standards of Practice for Pension Commuted Values, and the estimated cost to purchase annuities was established in accordance with the *Educational Note Supplement: Guidance for Assumptions for Hypothetical Wind-Up and Solvency Valuations Update – Effective March 31, 2023, and Applicable to Valuations with Effective Dates on or after March 31, 2023, and no later than June 29, 2024* from the Canadian Institute of Actuaries' Committee on Pension Plan Financial Reporting. In my opinion, all other assumptions used are appropriate for the purposes of the valuation.



In my opinion, the methods employed in the valuation are appropriate for the purposes of this valuation.

This report has been prepared, and my opinions given, in accordance with accepted actuarial practice in Canada.



Dean Newell
Fellow, Canadian Institute of Actuaries

December 11, 2023

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SECTION 2 - EXECUTIVE SUMMARY

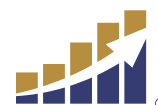
We have prepared an actuarial valuation of the Plan reflecting the Wind-up of the Plan as at April 14, 2023. The key results of this valuation are summarized below.

2.1 FINANCIAL POSITION

The financial position of the Plan as at April 14, 2023 (the Wind-up Date) is shown below:

	April 14, 2023
Assets	
Market value of assets	\$41,245,700
Expense Provision	(450,000)
Total Wind-up Assets	<u>\$40,795,700</u>
Liabilities	
Commutated Value Elections	
Active Members	\$5,966,000
Transferred Members	88,500
Deferred Vested Members	922,200
2023 Terminations	383,400
Retired Members & Beneficiaries	0
	<u>\$7,360,100</u>
Annuity Purchase Elections	
Active Members	\$4,310,500
Transferred Members	82,900
Deferred Vested Members	486,000
2023 Terminations	4,051,900
Retired Members & Beneficiaries	21,733,400
	<u>\$30,664,700</u>
Total Wind-up Liabilities	\$38,024,800
Wind-up Excess (Deficiency)	\$2,770,900
Wind-up Funded Ratio	107.3%

The Wind-up excess/deficiency will change as a result of changes in long-term interest rates and investment performance from the Wind-up Date to the ultimate settlement date. The Wind-up excess/deficiency will also change as a result of member elections of commuted values or annuities different than those assumed. The Wind-up liabilities for the Plan members who elect a lump-sum settlement will be credited with interest from the Wind-up Date to the first day of the month in which settlement occurs based on the prescribed interest rates. Final Wind-up liabilities for the Plan members who will have annuities purchased on their behalf will be determined when the annuities are purchased.



Once approval for the Wind-up has been granted by FSRA, and members have been provided with an opportunity to complete their wind-up option form elections, the financial position of the Plan should be reevaluated to determine if any additional funding requirements are required, if there is any potential claim against the Pension Benefits Guarantee Fund, and/or if there is any need to adjust the pensions for the members affected by the Wind-up.

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SECTION 3 - PLAN SUMMARY

3.1 PLAN PROVISIONS

The following summary provides a brief description of the provisions of the Plan affecting this valuation, based on the amended and restated Plan document effective January 1, 2021, provided to us by DCL Corporation.

This report reflects the terms of the Plan as of the valuation date and does not make any provisions for the possibility that a change or action (retroactive or otherwise) could be imposed by order of a regulatory body or a court.

Earnings

The earnings of an employee including the base salary and a percentage if the commission as determined by the company (excluding bonuses, overtime, cost of benefits or any other amount not included in base salary).

Best Average Earnings

Greater of the average annual earnings of an employee during the 5 best consecutive calendar years of employment with the Company, and the average annual Earnings of an employee during the 60 months of employment with the company proceeding their termination, retirement, or death.

If less than 5 years of continuous service, calculation will use the entire period of continuous service.

Average YMPE

Average YMPE during the calendar year of retirement, termination of employment or death, whichever first occurs and the two preceding calendar years.

Continuous Service

Uninterrupted period of employment with the Company, as shown by the Company's records, calculated from his or her last date of hire by the Company, including any period of disability and a period of absence without pay no maternity, parental leave or other protected leave of absence.

Credited Service

Years and completed months of Continuous Service, including any period of disability and a period of absence without pay on maternity, parental leave or other protected leave of absence. Excluded are periods of layoff, temporary suspension of employment and unpaid leaves of absence.

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Eligibility

No new members are permitted effective January 1, 2005.

Vesting

Immediate.

Contributions

▪ Employee Contributions

After January 1, 2000, members are not required or permitted to contribute.

Contributions made prior to January 1, 1991 have been refunded to the members.

▪ Employer Contributions

For benefits in respect of the Plan, the Company makes contributions to cover the current service cost of benefits accruing to active members, plus the provision for adverse deviations on the current service cost, plus special payments for any unfunded liability or reduced solvency deficiency.

Retirement Age

Early Retirement Age: 55

Normal Retirement Age: 65

Postponed Retirement Age: 71

Retirement Pensions

1.2858% of the members Best Average Earnings up to the Average YMPE plus 2% of the members Best Average Earnings in Excess of the Average YMPE

Form of Pension

Monthly pensions are payable for the lifetime of the member, guaranteed for 5 years.

Other forms of pension are available on an actuarially equivalent basis.

Maximum Pension

Each member's pension, at the time of retirement, termination or death, will be limited to the lesser of:

- (a) \$3,506.67 (or such higher limit as permitted under the *Income Tax Act* (Canada)) multiplied by the member's credited service up to 35 years.
- (b) 2% of the member's best 3 consecutive years of compensation multiplied by the member's credited service up to 35 years.

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Early Retirement Pension

Active members are eligible to receive a reduced pension upon early retirement once they have reached age 55. If the member has accrued at least 20 years of continuous Service, then pension will be reduced by $\frac{1}{4}$ of 1% for each month that the pension commencement date precedes the first day of the month the member turns 60. If less than 20 years of service, then reduced by $\frac{5}{12}$ of 1% for each month that the pension commencement date precedes the first day of the month the member turns 65.

Bridge Benefits

A Member who has accrued at least 20 years of Continuous Service and has attained at least 58 years old will receive benefit of 0.7142% of the members Best Average Earnings up to the Average YMPE for each year of credited service, up to a maximum annual temporary bridge pension equal to the total CPP/QPP offset up to age 65.

Postponed Retirement Pension

The postponed retirement benefit is the same as the normal retirement benefit, based on credited service to the date of retirement.

For executives, actuarial increases are granted (there were no executive active members at the Wind-up Date).

Disability Pension

Service continues to accrue up to the normal retirement date for periods of total and permanent disability. Earnings and YMPE are frozen at date of disability.

Termination Benefits

Termination other than result of death or retirement will result in a deferred pension commencing on members normal retirement date. May elect to commence pension on their Early Retirement Date but with Actuarial Equivalent reduction.

Death Benefits

Commutated Value of pension benefit had they terminated continuous service on the day prior to death.

Portability of Benefits

Members terminating employment are eligible to elect to transfer the commuted value of their pension benefit out of the Plan. Portability is not allowed after age 55.

Post-Retirement Pension Increases

Company reserves the right to increase pensions paid to retired members to compensate in whole or in part for the increase in the cost of living since retirement, without exceeding Consumer Price Index.

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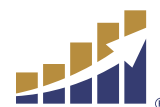


3.2 MEMBERSHIP DATA

The valuation results presented in Section 4 are based upon the following membership data as at April 14, 2023 provided by the Company.

Summary of Membership		
	April 14, 2023	December 31, 2021
Active Members:		
▪ Number	16	24
▪ Average age	55.8	56.9
▪ Average credited service	27.0	26.0
▪ Total accrued pensions	\$738,553	n/a
▪ Average accrued pensions	\$46,160	n/a
Transferred Members:		
▪ Number	1	2
▪ Average age	63.8	64.1
▪ Average credited service	13.5	9.1
▪ Total annual pension	\$11,404	n/a
▪ Average annual pension	\$11,404	n/a
Deferred Vested Members:		
▪ Number	10	10
▪ Average age	56.5	55.2
▪ Total annual pension	\$151,069	\$151,069
▪ Average annual pension	\$15,107	\$15,107
2023 Terminated Members:		
▪ Number	8	0
▪ Average Age	63.3	n/a
▪ Total annual pension	\$297,118	n/a
▪ Average annual pension	\$37,140	n/a
Retired Members and Beneficiaries:		
▪ Number	59	59
▪ Average age	73.8	72.8
▪ Total annual lifetime pension	\$1,781,329	\$1,743,381
▪ Average lifetime annual pension	\$30,192	\$29,549

All members fall under the Ontario provincial jurisdiction.



The membership movement for all categories of membership since the previous actuarial valuation is as follows:

Reconciliation of Membership						
	Active Members	Transferred Members	Deferred Vested Members	2023 Terminations	Retired Members and Beneficiaries	Total
December 31, 2021	24	2	10	0	59	95
New entrants	-	-	-	-	-	-
Terminations:						-
▪ Transfers / refunds	(7)	(1)	-	8	-	-
▪ deferred vested	-	-	-	-	-	-
Deaths	-	-	-	-	-	-
Beneficiaries	-	-	-	-	-	-
Retirements	(1)	-	-	-	1	-
Certain Period Ended	-	-	-	-	(1)	(1)
Data Corrections	-	-	-	-	-	-
April 14, 2023	16	1	10	8	59	94

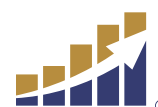
Sufficiency and Reliability of Member Data

To the best of our knowledge, we have been provided with complete data for the purposes of this valuation.

We have applied tests for internal consistency, as well as for the consistency with the data used for the previous valuations. The following tests were made to determine the reasonableness of the membership data provided:

1. We have confirmed that the data provided contains the number of members identified in the membership reconciliation, and that the membership data was intelligible.
2. We have confirmed that the benefit payments were made to each terminating member not electing a deferred pension.
3. We have confirmed that pension payments made since the last valuation reconcile with the retiree group.
4. Individual benefit statements were distributed to the members, who were requested to report any errors.

It should be understood that the tests performed on the data may not capture all possible deficiencies in the data, and that reliance on the data is also placed on the certification of the plan administrator as to the quality of the data.



3.3 PLAN ASSETS

The following tables, extracted from the financial statements prepared by BDO Canada LLP, show the development of the fund from December 31, 2021 as well as a summary of the assets held at April 14, 2023.

Development of the Fund		
	Jan. 1, 2022 – Dec. 31, 2022	Jan. 1, 2023 – April 14, 2023
Market Value at BOP	\$48,463,948	\$40,327,253
Employer Contributions – Current Service	\$437,269	\$32,866
Employer Contributions – Special Payments	0	0
Transfer Deficiency Payments	0	0
Total Contributions	\$437,269	\$32,866
Investment Income	(\$6,540,618)	\$1,583,301
Pension Payments	(\$1,780,588)	(\$602,101)
Terminations Payments	(0)	(0)
Death Benefits	(0)	(0)
Investment Expenses	(252,758)	(95,617)
Total Disbursement	(\$2,033,346)	(\$697,718)
Market Value at EOP	\$40,327,253	\$41,245,702
Annualized rate of return (Net of all expenses)	-14.2%	1.1%

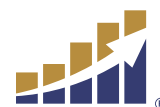
Sufficiency and Reliability of Fund Data

We have relied on the fund data provided in the financial statements prepared by BDO Canada LLP. We have made general tests to confirm that the total benefit payments are consistent with the membership data provided.

Letters of Credit

There are no letters of credit in effect on the valuation date to support the liabilities of the Plan.

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Statement of Investment Policies & Procedures

The Company has established a Statement of Investment Policies & Procedures as outlined in the document dated November 9, 2022.

The asset mix ranges stipulated in the Statement of Investment Policies and Procedures are as follows:

Asset Mix Ranges to be Stipulated in the Statement of Investment Policy & Procedures			
Solvency Level	<105%	>105% & <110%	> 110%
Fixed Income	60.0%	70.0%	80.0%
Equities			
Canadian Equities	10.0%	7.5%	5.0%
U. S. Equities	4.0%	3.0%	2.0%
Global Equities	26.0%	19.5%	13.0%
Total Equities	40.0%	30.0%	20.0%
Total	100.0%	100.0%	100.0%

The actual asset mix at the valuation date was as follows:

Summary of Investments Held as at April 14, 2023		
	Amount	Percentage
Fixed Income	\$32,822,160	79.5%
Canadian Equities	1,938,751	4.7%
Foreign Equity	4,701,099	11.4%
Real Estate	478,281	1.2%
Infrastructure	1,060,337	2.6%
Cash	295,343	0.6%
Total	\$41,295,971	100.0%
Employer Contribution Receivable	32,866	
Expenses Payable	(83,135)	
Total	\$41,245,702	

In early May 2023, the Appointed Administrator updated the investment strategy to invest approximately \$9,600,000 of the plan asset in a high interest savings exchange traded fund, and to invest the remaining assets in long-term bonds. This strategy is intended to minimize the investment risk of the Plan on a go-forward basis and considered the expected settlement of the Plan's liabilities via commuted value payouts and an annuity purchase.



SECTION 4 - WIND-UP VALUATION

4.1 ACTUARIAL VALUATION METHODS

A wind-up valuation was performed on the Plan as at April 14, 2023 in accordance with the standards prescribed by the Ontario *Pension Benefits Act*. The purpose of the wind-up valuation is to present the financial position of the Plan on the Wind-up Date.

Valuation of Liabilities

Liabilities for the Plan represent the sum of the commuted values for the members who are assumed to elect a commuted value transfer of their benefit entitlements and an estimate of the annuity purchase cost for the members who are assumed to elect a deferred or immediate pension.

The benefits valued were those accrued at the Wind-up Date. A recalculation of members' benefit entitlements is not required at the time of settlement.

For this valuation, we have used the unit credit actuarial cost method.

Valuation of Assets

Assets have been taken at their market value in the fund (which is assumed to be the liquidation value), adjusted for any receivables or payables. We have not considered any cost associated with the liquidation of plan assets which are illiquid on the wind-up date; moreover, we are not aware of any illiquid assets.



4.2 ACTUARIAL ASSUMPTIONS & DISCUSSION

The following summary provides the assumptions that were used in determining the liabilities of the Plan.

For benefits expected to be settled by transfer of commuted values, assumptions are in accordance with the Canadian Institute of Actuaries' Standards of Practice for Pension Commuted Values.

For benefits expected to be settled by purchase of annuities, an estimate of the cost of settlement through the purchase of annuities has been made. The estimate of the cost to purchase annuities was established in accordance with the *Educational Note Supplement: Guidance for Assumptions for Hypothetical Wind-Up and Solvency Valuations Update – Effective March 31, 2023, and Applicable to Valuations with Effective Dates on or after March 31, 2023, and no later than June 29, 2024* from the Canadian Institute of Actuaries' Committee on Pension Plan Financial Reporting. We wish to note that the actual cost to purchase annuities depends on many factors, such as the characteristics of the annuities and the competitive pressures in the annuity market at the time of purchase. As a result, the actual cost to purchase annuities may differ from our estimate.

Assumed Form of Benefit Settlement Elected by Member

- **Lump-sum Commuted Value Payout**

Active and deferred vested members under age 55 were assumed to have 70% of their liability settled by commuted values, whereas all other active and deferred vested members were assumed to have 50% of their liability settled by commuted values.

- **Annuity Purchase**

Active and deferred vested members under age 55 were assumed to have 30% of their liability settled by annuity purchases, whereas all other active and deferred vested members were assumed to have 50% of their liability settled by annuity purchases¹.

In addition, all retired members and beneficiaries are assumed to be settled by annuity purchases.

Economic Assumptions

Interest Rate

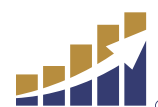
- **Lump-sum Commuted Value Payout**

An interest rate of 4.10% per annum for 10 years and 4.50% per annum thereafter was used.

- **Annuity Purchase**

An interest rate of 4.75% per annum was used for annuity purchases (and is based on a duration of 9.5 years for the benefits expected to be settled by purchase of annuities).

¹ However, members who have recently terminated and elected to commence their pension were assumed to have 100% of the liability settled by annuity purchase and 0% by commuted value.



Expenses

In accordance with the Administrator Cost Summary approved by FSRA, an allowance of \$450,000 was made for administration, actuarial, and investment expenses to be incurred with respect to the wind-up that will occur after the Wind-up Date. Any possible legal or other costs have not been considered. Further, no allowance has been made for any expenses related to the distribution of any surplus, which will be addressed in a future report (if necessary).

The amount of expense allowance is only an estimate and may differ significantly from the real expenses incurred with respect to the Wind-up. In particular, actual expenses may be significantly higher in situations when the wind-up and settlement is spread over a number of years, or in the event the benefits are disputed in litigation.

Rate of Salary Increase

Not applicable.

Escalation of YMPE under Canada Pension Plan

Not applicable.

Income Tax Act (Canada) maximum pension limitation

Not applicable (to any members affected by the Wind-up).

Demographic Assumptions

Mortality

▪ **Lump-sum Commuted Value Payout**

Mortality rates were taken from the 2014 Canadian Pensioners' Mortality Table combined with mortality improvement scale CPM Improvement Scale B. The unisex percentage used for all members was 65% male and 35% female. This unisex percentage is consistent with the relative proportions of the liabilities in the Plan for the males and females at the Wind-up Date.

▪ **Annuity Purchase**

Mortality rates were taken from the 2014 Canadian Pensioners' Mortality Table combined with mortality improvement scale CPM Improvement Scale B.¹

Withdrawal

Not applicable.

Disability incidence/recovery

Not applicable.

¹ For clarity, we have no reason to believe that the cost of the annuity purchase would differ substantially from the estimated cost outlined in the Educational Note Supplement on account of differences in expected mortality.



Retirement

- **Lump-sum Commuted Value Payout**

Retirement for the commuted value liability was determined in accordance with the Canadian Institute of Actuaries' Standards of Practice for Pension Commuted Values and using the 50%/50% probabilities at the optimal retirement age and earliest unreduced retirement age (the optimal age for the "grow-in" provisions is age 58).

- **Annuity Purchased**

Members were assumed to retire at the age which would maximize the liability (which for members who qualify for the "grow-in" provisions is age 58).

Marital Status

The actual marital status of retired members was used in the valuation. The marital status of other members is not required.

Member/Spouse Age Difference

Actual dates of birth for the spouses of retired members were used. The member/spouse age difference of other members is not required.

Other Assumptions

Reserve

No additional reserves were held.



4.3 WIND-UP STATUS

The purpose of the Wind-up valuation is to present the financial position of the Plan as at April 14, 2023.

The financial position of the Plan as at April 14, 2023 is set out below. These results are based on the plan summary set out in Section 3 and the methods and assumptions set out in Section 4 of this report.

	April 14, 2023
Assets	
Market value of assets	\$41,245,700
Expense Provision	(450,000)
Total Wind-up Assets	<u>\$40,795,700</u>
Liabilities	
Commutated Value Elections	
Active Members	\$5,966,000
Transferred Members	88,500
Deferred Vested Members	922,200
2023 Terminations	383,400
Retired Members & Beneficiaries	0
	<u>\$7,360,100</u>
Annuity Purchase Elections	
Active Members	\$4,310,500
Transferred Members	82,900
Deferred Vested Members	486,000
2023 Terminations	4,051,900
Retired Members & Beneficiaries	21,733,400
	<u>\$30,664,700</u>
Total Wind-up Liabilities	\$38,024,800
Wind-up Excess (Deficiency)	\$2,770,900
Wind-up Funded Ratio	107.3%

The Wind-up excess/deficiency will change as a result of changes in long-term interest rates and investment performance from the Wind-up Date to the ultimate settlement date. The Wind-up excess/deficiency will also change as a result of member elections of commuted values or annuities different than those assumed. The Wind-up liabilities for the Plan members who elect a lump-sum settlement will be credited with interest from the Wind-up Date to the first day of the month in which settlement occurs based on the prescribed interest rates. Final Wind-up liabilities for the Plan members who will have annuities purchased on their behalf will be determined when the annuities are purchased.

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Once approval for the Wind-up has been granted by FSRA, and members have been provided with an opportunity to complete their wind-up option form elections, the financial position of the Plan should be reevaluated to determine if any additional funding requirements are required, if there is any potential claim against the Pension Benefits Guarantee Fund, and/or if there is any need to adjust the pensions for the members affected by the Wind-up.



APPENDIX 1 - ACTUARIAL OPINION

DCL CORPORATION SALARIED PENSION PLAN (Registration Number 0989616)

Wind-up Financial Position

In my opinion, based on the results of the actuarial valuation, there is a Wind-up surplus of \$2,770,900 for the Plan as of April 14, 2023.

Reevaluation

Once approval for the Wind-up has been granted by FSRA, and members have been provided with an opportunity to complete their wind-up option form elections, the financial position of the Plan should be reevaluated to determine if any additional funding requirements are required, if there is any potential claim against the Pension Benefits Guarantee Fund, and/or if there is any need to adjust the pensions for the members affected by the Wind-up.

Data

In my opinion, the membership data on which the valuation is based are sufficient and reliable for the purposes of the valuation.

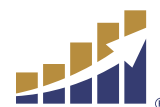
Assumptions

This report has been prepared using the assumptions permitted under the *Ontario Pension Benefits Act* and the *Income Tax Act* (Canada) and the corresponding Regulations and in my opinion, the assumptions are appropriate for the purposes of:

1. the determination of the total value of the benefit entitlements of all members affected by the Wind-up of the Plan;
2. the determination of the deficit related to the members affected by the Wind-up, if any;
3. the determination of any additional funding requirements or potential claim to the Pension Benefits Guarantee Fund as a result of the Wind-up, if any; and,
4. the disclosure of the lump sum for each member of the Plan whose benefits may be discharged by a lump-sum transfer.

In my opinion, the capitalized values of the member's entitlements have been determined in accordance with the Canadian Institute of Actuaries' Standards of Practice for Pension Commuted Values, and the estimated cost to purchase annuities was established in accordance with the *Educational Note Supplement: Guidance for Assumptions for Hypothetical Wind-Up and Solvency Valuations Update – Effective March 31, 2023, and Applicable to Valuations with Effective Dates on or after March 31, 2023, and no later than June 29, 2024*, from the Canadian Institute of Actuaries' Committee on Pension Plan Financial Reporting.

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Methods

In my opinion, the methods employed in the valuation are appropriate for the purpose of this valuation of the Plan.

Accepted Actuarial Practice

This report has been prepared, and my opinions given, in accordance with accepted actuarial practice in Canada.



Dean Newell
Fellow, Canadian Institute of Actuaries

December 11, 2023

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APPENDIX 2 - ADMINISTRATOR'S CERTIFICATE

DCL CORPORATION SALARIED PENSION PLAN (Registration Number 0989616)

With respect to the attached actuarial valuation with an effective date of April 14, 2023, we hereby certify that, to the best of our knowledge and belief:

- 1) The summary of the plan provisions contained in Section 3.1 of this report is a complete and accurate summary of the terms of the Plan which affect the liabilities of the Plan;
- 2) The summary of membership data in Section 3.2 of this report are a complete and accurate description of all persons who are or will become entitled to benefits under the terms of the Plan.
- 3) The summary of plan assets contained in Section 3.3 of this report is a complete and accurate summary of the assets available to support the benefit promises of the Plan.
- 4) All material events that have occurred subsequent to April 14, 2023 that may have an impact on the results of the valuation have been communicated to the actuary.

With respect to the attached actuarial valuation with an effective date of April 14, 2023, we hereby certify that we have instructed the actuary to not hold a liability reserve for potential data corrections that may arise.

Signed: 
Actuarial Solutions Inc.
Appointed Administrator

Name: Jason Vary

Title: President

Date: December 11, 2023

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APPENDIX “C”

Wind-Up Report – Hourly DB Plan

DCL CORPORATION HOURLY PENSION PLAN

ACTUARIAL VALUATION REPORT ON THE WIND-UP AS AT APRIL 14, 2023

**DECEMBER 11, 2023
REGISTRATION NUMBER 0401455**

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Actuarial Solutions Inc.
19 Amy Croft Drive, Suite 203 | Lakeshore, Ontario N9K 1C7 | P: 519.979.4600 | TF: 866.323.7200 | F: 519.979.4699

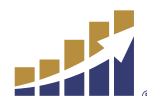


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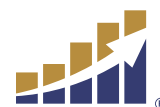
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SECTION 1 - INTRODUCTION

1.1 BACKGROUND

On December 20, 2022, DCL Corporation (formerly Dominion Colour Corporation) commenced proceedings under the Companies' Creditors Arrangement Act ("CCAA") before the Ontario Superior Court of Justice (Commercial List)¹. DCL Corporation subsequently changed its name to 1000156489 Ontario Inc. (hereinafter referred to as the "Company") effective April 19, 2023. Alvaraz & Marsal Canada Inc. was appointed as the court-appointed monitor of the Company in the CCAA proceedings.

A subset of the members of the Plan who were employed at the Company's plant in Ajax received temporary layoff notices in mid-February 2023 and ultimately received notices of indefinite/permanent layoff on March 16, 2023.

Subsequently, pursuant to a second amended and restated asset purchase agreement dated as of March 28, 2023 (as it may be further amended, restated, modified, or supplemented), the Company sold substantially all of its property and assets (the "Transaction"). The Transaction closed on April 14, 2023. Upon closing of the Transaction, (i) substantially all of the remaining unionized employees of the Company transferred to the operating assets purchaser and ceased to be employees of the Company, and (ii) the Company ceased funding any contributions to the Plan.

Actuarial Solutions Inc. was appointed by the Financial Services Regulatory Authority of Ontario ("FSRA") to be the Appointed Administrator of the DCL Corporation Hourly Pension Plan (the "Plan") as at April 14, 2023.

On October 18, 2023, FSRA issued an Order to wind-up the Plan effective April 14, 2023 (the "Wind-up"). Accordingly, we have performed an actuarial valuation of the Plan reflecting the wind-up as at April 14, 2023. In respect of the Wind-up of the Plan as at April 14, 2023, our valuation considers the plan provisions, membership, and asset as at April 14, 2023 (the "Wind-up Date") for the members affected by the Wind-up.

Each non-retired member affected by the Wind-up will be entitled to either a commuted value transfer or an annuity purchased on their behalf, whereas each retired member affected by the Wind-up will have an annuity purchased on their behalf.

Wind-up option forms will soon be provided to non-retired members affected by the Wind-up. As a result, in performing the valuation at the Wind-up Date, we have made an assumption with respect to member elections of commuted values and annuity purchases.

¹ Additional information about the CCAA proceedings, including copies of relevant court orders, may be found on the Monitor's website, located at: <https://www.alvarezandmarsal.com/DCLCanada>.



Subsequent Events

Equity markets and interest rates are inherently volatile. The impact of any changes in the equity markets and interest rates after the Wind-up Date have not been considered in this valuation but will be reflected in future reevaluations of the financial position of the Plan together with other emerging experience gains and losses.

Since the Wind-up Date, some non-retired members have elected to commence their pension, and their election has been considered in the assumed form of benefit settlement used in this valuation.

To the best of our knowledge, there have been no other events subsequent to the Wind-up Date that, in our opinion, would have a material impact on the results of the valuation.

We note that the true cost of the Wind-up will depend on the member elections and the actual market value of assets and the interest rate environment at the time of full settlement. Once approval for the Wind-up has been granted by FSRA, the financial position of the Plan should be reevaluated to determine any additional funding requirements for the Wind-up or potential claim to the Pension Benefits Guarantee Fund as a result of the Wind-up.

For clarity, this report does not address any potential surplus that may exist in the Plan after the base benefits are distributed. If there is any surplus in the Plan after the base benefits are distributed, the distribution of this surplus will be addressed in a separate report.

This report has been prepared, and my opinions given, in accordance with accepted actuarial practice in Canada. Notwithstanding the foregoing, emerging experience differing from the assumptions that were used in the valuation will result in gains or losses, which will be revealed in future valuations.

1.2 HISTORY OF THE PLAN

Effective May 1, 1978, the Dominion Colour Division of Reed Inc. established a pension plan for unionized employees in agreement with the Teamsters Chemical, Energy and Allied Workers Union Local 1880 (the “Plan”). The Plan was funded through Canada Life Policy P.8255, which was paid in full effective May 1, 1985. The benefits accrued under Canada Life Policy P.8255 continue to form part of the benefits to be provided under the Plan.

Effective August 29, 1988, Daishowa Industries Limited assumed sponsorship of the Plan through the sale of the company.

Effective November 27, 1989, Dominion Colour Company Corp. purchased all the assets from Dominion Colour Division of Daishowa Industries Ltd. and agreed to assume responsibility of the Plan, renaming it The Dominion Colour Company Corp. Hourly Pension Plan.

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Effective February 19, 2006, the Plan closed membership to new employees. All eligible employees hired on or after February 19, 2006 commenced participation in a Company-sponsored defined contribution pension plan. For greater certainty, employees hired prior to February 19, 2006 continued to participate in the Plan.

Effective April 1, 2018, Dominion Colour Corporation changed its name to DCL Corporation.

From time to time following April 1, 2018, the Plan has been amended and restated to increase pension benefits as well as to reflect changes made to applicable legislation. The most recent amendment and restatement was as at January 1, 2021.

The last valuation of the Plan was performed as at December 31, 2021. There have been no amendments to the Plan since the last valuation.

1.3 PURPOSES OF THE VALUATION

This report is being prepared for the purposes of winding-up the Plan as at April 14, 2023. In particular, this report is prepared for the following purposes:

- to present information on the financial position of the Plan at the Wind-up Date;
- to determine the total value of the benefit entitlements for members affected by the Wind-up;
- to disclose the lump sum amount for each member in the Plan whose benefits may have to be discharged by a lump-sum transfer;
- to determine the deficit related to the members affected by the Wind-up, if any;
- to determine any additional funding requirements or potential claim to the Pension Benefits Guarantee Fund as a result of the Wind-up, if any;
- to determine the amounts and methods of settlement of the benefit entitlements for members affected by the Wind-up; and
- to provide the information and the actuarial opinion required by the Financial Services Regulatory Authority of Ontario and Canada Revenue Agency.

For clarity, this report does not address any potential surplus that may exist in the Plan after the base benefits have been distributed. If there is any surplus in the Plan after the base benefits are distributed, the distribution of this surplus will be addressed in a separate report.

The information contained in this report was prepared for filing with the Financial Services Regulatory Authority of Ontario (“FSRA”) and Canada Revenue Agency (“CRA”).

This report should not be used for purposes other than those listed above, distributed to persons other than the intended users, except as required by law, or relied upon by any other person without the prior written consent of Actuarial Solutions Inc.



1.4 COMPLIANCE

This valuation was prepared under the auspices of the Ontario *Pension Benefits Act* and its Regulations, and in conjunction with the *Income Tax Act* (Canada).

It is noted that all members of the Plan were/are employed in Ontario.

All required contributions to the Plan in respect of the period up to the Wind-up Date have been remitted to the fund. Written notices have been sent to all members affected by the Wind-up.

Each non-retired member affected by the Wind-up will soon be provided with a wind-up option form outlining their pension entitlement. Each such member is entitled to either 1) a commuted value transfer, subject to the limits under the *Income Tax Act* (Canada) and the locking-in requirements under the Ontario *Pension Benefits Act*, or 2) a deferred or immediate annuity purchased on their behalf. For members who elect commuted value transfers, interest will be credited from the Wind-up Date to the first day of the month of payout at the prescribed rates. I am not aware of any post-wind-up contingencies that may affect the benefit entitlements.

For greater clarity, all affected members are fully vested at the Wind-up Date. In addition, all benefits are subject to the locking-in requirements and the small amounts rules under the Ontario *Pension Benefits Act*.

Each retiree and beneficiary currently in receipt of a monthly pension affected by the Wind-up will have an immediate annuity purchased on their behalf.

The option forms which will soon be provided to the non-retired members affected by the Wind-up provide a joint and survivor option to comply with the requirements of the Ontario *Pension Benefits Act*. Non-retired members are also being provided with all applicable early retirement options. There are no special wind-up provisions in the Plan that would affect the members of the Plan.

Members affected by the Wind-up whose age plus service is greater than or equal to 55 at the Wind-up Date are being provided with grow-in benefits as required under the Ontario *Pension Benefits Act*.

The lump sum entitlement of each member that may be transferred on a tax-deferred basis is limited to the amount prescribed under Section 8517 of the Regulation under the *Income Tax Act* (Canada).

No transfers will be made until the Wind-up is approved by FSRA and the fund has sufficient assets to provide all benefits in respect of all members affected by the Wind-up.



The Plan was contributory, however there are no voluntary contributions held under the Plan. The benefits provided under the Wind-up consider the minimum value of employee contributions with interest for pre-1987 benefits, and the minimum 50% cost rule for post-1986 contributions, as per the requirements of the *Pension Benefits Act*.

There are no ancillary benefits in the Plan which require the consent of the Company.

Prior to May 1, 1985, the Plan was funded through Canada Life Policy P.8255, which was paid in full effective May 1, 1985. Our understanding is this policy is a “qualifying annuity contract” as defined in the Regulation of the *Pension Benefits Act*. As such, the benefits provided under the annuity contract have been excluded from the Wind-up. Affected members will be reminded to contact Canada Life directly with respect to their insured benefits.

We understand that any applicable statutory notice periods have been included in the service of the members affected by the Wind-up.

This Report has been prepared using April 14, 2023 as the Wind-up Date, Calculation Date, and the Cut-off Date as defined in the Canadian Institute of Actuaries’ Standards of Practice – Practice-Specific Standards for Pension Plans. In order to present the financial position of the Plan as at April 14, 2023, we have expressly set the Cut-off Date as the Wind-up Date. Once approval for the Wind-up has been granted by FSRA, and members have been provided with an opportunity to complete their wind-up option form elections, the financial position of the Plan should be reevaluated to determine if any additional funding requirements are required, if there is any potential claim against the Pension Benefits Guarantee Fund, and/or if there is any need to adjust the pensions for the members affected by the Wind-up.

In my opinion, the membership data on which the valuation is based is sufficient and reliable for the purposes of the valuation.

In my opinion, the capitalized values of the member’s entitlements have been determined in accordance with the Canadian Institute of Actuaries’ Standards of Practice for Pension Commuted Values, and the estimated cost to purchase annuities was established in accordance with the *Educational Note Supplement: Guidance for Assumptions for Hypothetical Wind-Up and Solvency Valuations Update – Effective March 31, 2023, and Applicable to Valuations with Effective Dates on or after March 31, 2023, and no later than June 29, 2024* from the Canadian Institute of Actuaries’ Committee on Pension Plan Financial Reporting. In my opinion, all other assumptions used are appropriate for the purposes of the valuation.

In my opinion, the methods employed in the valuation are appropriate for the purposes of this valuation.



This report has been prepared, and my opinions given, in accordance with accepted actuarial practice in Canada.



Dean Newell
Fellow, Canadian Institute of Actuaries

December 11, 2023

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SECTION 2 - EXECUTIVE SUMMARY

We have prepared an actuarial valuation of the Plan reflecting the Wind-up of the Plan as at April 14, 2023. The key results of this valuation are summarized below.

2.1 FINANCIAL POSITION

The financial position of the Plan as at April 14, 2023 (the Wind-up Date) is shown below:

	April 14, 2023
Assets	
Market value of assets	\$16,523,200
Expense Provision	(365,000)
Total Wind-up Assets	<u>\$16,158,200</u>
Liabilities	
Commutated Value Elections	
Active Members	\$1,529,700
Transferred Members	279,900
Deferred Vested Members	495,700
2023 Terminations	1,247,200
Outstanding Members	22,400
Retired Members & Beneficiaries	0
	<u>\$3,574,900</u>
Annuity Purchase Elections	
Active Members	\$1,302,600
Transferred Members	197,800
Deferred Vested Members	299,900
2023 Terminations	3,436,100
Outstanding Members	0
Retired Members & Beneficiaries	5,766,600
	<u>\$11,003,000</u>
Total Wind-up Liabilities	\$14,577,900
Wind-up Excess (Deficiency)	\$1,580,300
Wind-up Funded Ratio	<u>110.8%</u>

The Wind-up excess/deficiency will change as a result of changes in long-term interest rates and investment performance from the Wind-up Date to the ultimate settlement date. The Wind-up excess/deficiency will also change as a result of member elections of commuted values or annuities different than those assumed. The Wind-up liabilities for the Plan members who elect a lump-sum settlement will be credited with interest from the Wind-up Date to the first day of the month in which settlement occurs based on the prescribed interest rates. Final Wind-up liabilities for the Plan members who will have annuities purchased on their behalf will be determined when the annuities are purchased.



Once approval for the Wind-up has been granted by FSRA, and members have been provided with an opportunity to complete their wind-up option form elections, the financial position of the Plan should be reevaluated to determine if any additional funding requirements are required, if there is any potential claim against the Pension Benefits Guarantee Fund, and/or if there is any need to adjust the pensions for the members affected by the Wind-up.

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SECTION 3 - PLAN SUMMARY

3.1 PLAN PROVISIONS

The following summary provides a brief description of the provisions of the Plan affecting this valuation, based on the amended and restated Plan document effective January 1, 2021, provided to us by DCL Corporation.

This report reflects the terms of the Plan as of the valuation date and does not make any provisions for the possibility that a change or action (retroactive or otherwise) could be imposed by order of a regulatory body or a court.

Earnings

The earnings of an employee as determined by the Company (excluding bonuses, shift premiums, cost of benefits or any other amount not included in base salary).

Continuous Service

Uninterrupted period of employment with the Company, as shown by the Company's records, calculated from their last date of hire by the Company, including any period of layoff and any periods of temporary suspension of employment not exceeding two years.

Credited Service

A Member shall be credited with one year of Credited Service for every calendar year after March 1, 2001 in which he or she received pay from the Company as an Employee for 1,900 or more hours, including paid holidays and vacation hours. For a calendar year in which a Member receives pay for less than 1,900 hours, he or she shall be credited with a partial year of Credited Service calculated to the nearest 1/12 year on the basis that 1,900 hours is a full year.

Excluding periods of layoff, temporary suspension of employment, paid and unpaid leave of absence, and while transferred to salaried pension.

Less than full-time employees will be credited a ratio of hours worked compared to hours scheduled to work by full time employees.

Leave of Absence

A member shall be credited with one year of credited service if a member is absent due to:

- (i) Approved leave of absence requested by the union to permit the member to engage in business of the Local or National Union;
- (ii) Absence owing to injury for which they are in receipt of workers comp to a maximum of 12 months;
- (iii) Maternity or paternity leave.



Eligibility

No new members are permitted effective February 19, 2006.

Vesting

Immediate.

Contributions

▪ Employee Contributions

After March 1, 2001, members are not required or permitted to contribute.

▪ Employer Contributions

For benefits in respect of the Plan, the Company makes contributions to cover the current service cost of benefits accruing to active members, plus the provision for adverse deviations on the current service cost, plus special payments for any unfunded liability or reduced solvency deficiency.

Retirement Age

Early Retirement Age:	55
Normal Retirement Age:	65
Postponed Retirement Age:	71

Retirement Pensions

Annual pension payable in equal monthly instalments of \$50 multiplied by each full year (52 weeks) of Credited Service.

Form of Pension

Monthly pensions are payable for the lifetime of the member, guaranteed for 5 years. Other forms of pension are available on an actuarially equivalent basis.

Maximum Pension

Each member's pension, at the time of retirement, termination or death, will be limited to the lesser of:

- (a) \$3,506.67 (or such higher limit as permitted under the *Income Tax Act* (Canada)) multiplied by the member's credited service up to 35 years.
- (b) 2% of the member's best "highest average compensation" indexed to the year of compensation multiplied by the member's credited service up to 35 years.

Early Retirement Pension

Active members are eligible to receive an actuarially reduced pension upon early retirement once they have reached age 55. If the member has accrued 25 years of Continuous Service and is 63 years old, there is no actuarial equivalent reduction.

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Postponed Retirement Pension

The postponed retirement benefit is the same as the normal retirement benefit, based on credited service to the date of retirement.

Excess Contributions

If, upon the earlier of the retirement, death or termination of employment of a member, the member's required contributions plus credited interest for membership before January 1, 1987 exceed 100% of the commuted value of the member's pension, the member or beneficiary as applicable will be entitled to a refund of the excess contributions, or the excess contributions may be used to purchase an additional retirement benefit.

If, upon the earlier of the retirement, death or termination of employment of a member, the member's required contributions plus credited interest for membership after January 1, 1987 to the date contributions ceased exceed 50% of the commuted value of the member's pension, the member or beneficiary as applicable will be entitled to a refund of the excess contributions, or the excess contributions may be used to purchase an additional retirement benefit.

Termination Benefits

Termination other than result of death or retirement will result in a deferred pension commencing on the member's normal retirement date. Such members may also elect an actuarially reduced pension commencing any time after age 55.

Death Benefits

- **Pre-reform**
Refund on employee contributions with interest.
- **Post-reform**
Lump-sum benefit equal to the commuted value of member's post 1986 accrued benefit.

Portability of Benefits

Members terminating employment are eligible to elect to transfer the commuted value of their pension benefit out of the Plan. Portability is not permitted after age 55.

Bridge Benefits

There are no bridge benefits under the Plan.

Post-Retirement Pension Increases

Company reserves the right to increase pensions paid to retired members to compensate in whole or in part for the increase in the cost of living since retirement, without exceeding Consumer Price Index.

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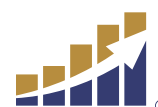
3.2 MEMBERSHIP DATA

The valuation results presented in Section 4 are based upon the following membership data as at April 14, 2023 provided by the Company.

Summary of Membership		
	April 14, 2023	December 31, 2021
Active Members:		
▪ Number	13	40
▪ Average age	61.2	59.5
▪ Average eligible service	29.4	28.1
▪ Total accrued pensions	\$229,602	\$673,814
▪ Average accrued pensions	\$17,662	\$16,845
Transferred Members:		
▪ Number	6	8
▪ Average age	57.1	56.5
▪ Total annual pension	\$43,003	\$58,715
▪ Average annual pension	\$7,167	\$7,339
Deferred Vested Members:		
▪ Number	22	25
▪ Average age	54.9	53.9
▪ Total annual pension	\$86,141	\$93,938
▪ Average annual pension	\$3,916	\$3,758
2023 Terminated Members:		
▪ Number	23	0
▪ Average age	59.2	n/a
▪ Total annual pension	\$390,861	n/a
▪ Average annual pension	\$16,994	n/a
Outstanding Members		
▪ Number	3	0
▪ Average age	59.1	n/a
▪ Total Outstanding amount	\$22,396	n/a
Retired Members and Beneficiaries:		
▪ Number	46	40
▪ Average age	70.8	70.5
▪ Total annual lifetime pension	\$446,339	\$369,946
▪ Average lifetime annual pension	\$9,703	\$9,249

All members fall under the Ontario provincial jurisdiction.

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The membership movement for all categories of membership since the previous actuarial valuation is as follows:

Reconciliation of Membership							
	Active Members	Transferred Members	Deferred Vested Members	2023 Terminated Members	Outstanding Members	Retired Members and Beneficiaries	Total
December 31, 2021	40	8	25	0	0	40	113
New entrants	-	-	-	-	-	-	-
Terminations:							
▪ Transfers/refunds	-	-	(2)	-	2	-	-
▪ deferred vested	(22)	(1)	-	23	-	-	-
Deaths	-	-	-	-	-	(1)	(1)
Beneficiaries	-	-	-	-	-	-	-
Retirements	(5)	(1)	(1)	-	-	7	-
Data Corrections	-	-	-	-	1	-	1
April 14, 2023	13	6	22	23	3	46	113

Sufficiency and Reliability of Member Data

To the best of our knowledge, we have been provided with complete data for the purposes of this valuation.

We have applied tests for internal consistency, as well as for the consistency with the data used for the previous valuations. The following tests were made to determine the reasonableness of the membership data provided:

1. We have confirmed that the data provided contains the number of members identified in the membership reconciliation, and that the membership data was intelligible.
2. We have confirmed that the benefit payments were made to each terminating member not electing a deferred pension.
3. We have confirmed that pension payments made since the last valuation reconcile with the retiree group.
4. Individual benefit statements were distributed to the members, who were requested to report any errors.

It should be understood that the tests performed on the data may not capture all possible deficiencies in the data, and that reliance on the data is also placed on the certification of the plan administrator as to the quality of the data.



3.3 PLAN ASSETS

The following tables, extracted from the audited financial statements prepared by BDO Canada LLP, show the development of the fund from December 31, 2021 as well as a summary of the assets held at April 14, 2023.

Development of the Fund		
	Jan. 1, 2022 – Dec. 31, 2022	Jan. 1, 2023 – April 14, 2023
Market Value at BOP	\$19,690,469	\$16,117,236
Employer Contributions – Current Service	\$200,550	\$0
Employer Contributions – Special Payments	0	0
Transfer Deficiency Payments	0	0
Total Contributions	\$200,550	\$0
Investment Income	(\$3,206,819)	\$615,657
Pension Payments	(\$398,763)	(\$136,951)
Terminations Payments	(0)	(0)
Death Benefits	(0)	(0)
Investment Expenses	(168,201)	(72,737)
Total Disbursement	(\$566,964)	(\$209,688)
Market Value at EOP	\$16,117,236	\$16,523,205
Annualized rate of return (Net of all expenses)	-17.2%	1.0%

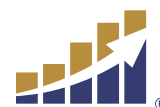
Sufficiency and Reliability of Fund Data

We have relied on the fund data provided in the financial statements prepared by BDO Canada LLP. We have made general tests to confirm that the total benefit payments are consistent with the membership data provided.

Letters of Credit

There are no letters of credit in effect on the valuation date to support the liabilities of the Plan.

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Statement of Investment Policies & Procedures

A Statement of Investment Policies & Procedures for the Plan was adopted in the document dated November 9, 2022.

The asset mix ranges stipulated in the Statement of Investment Policies and Procedures are as follows:

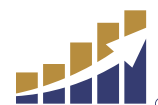
Asset Mix Ranges to be Stipulated in the Statement of Investment Policy & Procedures			
Solvency Level	<105%	>105% & <110%	> 110%
Fixed Income	60.0%	70.0%	80.0%
Equities			
Canadian Equities	10.0%	7.5%	5.0%
U. S. Equities	4.0%	3.0%	2.0%
Global Equities & Other	26.0%	19.5%	13.0%
Total Equities	40.0%	30.0%	20.0%
Total	100.0%	100.0%	100.0%

The actual asset mix at the valuation date was as follows:

Summary of Investments Held as at April 14, 2023		
	Amount	Percentage
Fixed Income	\$13,306,665	80.2%
Canadian Equities	849,346	5.1%
Global Equities	1,778,855	10.7%
Real Estate	181,331	1.1%
Infrastructure	400,005	2.4%
Cash	73,917	0.5%
Total	\$16,590,119	100.0%
Expenses Payable	(66,914)	
Total	\$16,523,205	

In early May 2023, the Appointed Administrator updated the investment strategy to invest approximately \$5,800,000 of the plan asset in a high interest savings exchange traded fund, and to invest the remaining assets in long-term bonds. This strategy is intended to minimize the investment risk of the Plan on a go-forward basis and considered the expected settlement of the Plan's liabilities via commuted value payouts and an annuity purchase.

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SECTION 4 - WIND-UP VALUATION

4.1 ACTUARIAL VALUATION METHODS

A wind-up valuation was performed on the Plan as at April 14, 2023 in accordance with the standards prescribed by the Ontario *Pension Benefits Act*. The purpose of the wind-up valuation is to present the financial position of the Plan on the Wind-up Date.

Valuation of Liabilities

Liabilities for the Plan represent the sum of the commuted values for the members who are assumed to elect a commuted value transfer of their benefit entitlements and an estimate of the annuity purchase cost for the members who are assumed to elect a deferred or immediate pension.

The benefits valued were those accrued at the Wind-up Date. A recalculation of members' benefit entitlements is not required at the time of settlement.

For this valuation, we have used the unit credit actuarial cost method.

Valuation of Assets

Assets have been taken at their market value in the fund (which is assumed to be the liquidation value), adjusted for any receivables or payables. We have not considered any cost associated with the liquidation of plan assets which are illiquid on the wind-up date; moreover, we are not aware of any illiquid assets.



4.2 ACTUARIAL ASSUMPTIONS & DISCUSSION

The following summary provides the assumptions that were used in determining the liabilities of the Plan.

For benefits expected to be settled by transfer of commuted values, assumptions are in accordance with the Canadian Institute of Actuaries' Standards of Practice for Pension Commuted Values.

For benefits expected to be settled by purchase of annuities, an estimate of the cost of settlement through the purchase of annuities has been made. The estimate of the cost to purchase annuities was established in accordance with the *Educational Note Supplement: Guidance for Assumptions for Hypothetical Wind-Up and Solvency Valuations Update – Effective March 31, 2023, and Applicable to Valuations with Effective Dates on or after March 31, 2023, and no later than June 29, 2024* from the Canadian Institute of Actuaries' Committee on Pension Plan Financial Reporting. We wish to note that the actual cost to purchase annuities depends on many factors, such as the characteristics of the annuities and the competitive pressures in the annuity market at the time of purchase. As a result, the actual cost to purchase annuities may differ from our estimate.

Assumed Form of Benefit Settlement Elected by Member

- **Lump-sum Commuted Value Payout**

Active and deferred vested members under age 55 were assumed to have 70% of their liability settled by commuted values, whereas all other active and deferred vested members were assumed to have 50% of their liability settled by commuted values.

- **Annuity Purchase**

Active and deferred vested members under age 55 were assumed to have 30% of their liability settled by annuity purchases, whereas all other active and deferred vested members were assumed to have 50% of their liability settled by annuity purchases¹.

In addition, all retired members and beneficiaries are assumed to be settled by annuity purchases.

Economic Assumptions

Interest Rate

- **Lump-sum Commuted Value Payout**

An interest rate of 4.10% per annum for 10 years and 4.50% per annum thereafter was used.

- **Annuity Purchase**

An interest rate of 4.75% per annum was used for annuity purchases (and is based on a duration of 10.9 years for the benefits expected to be settled by purchase of annuities).

¹ However, members who have recently terminated and elected to commence their pension, or elected to receive an option form so that they could elect to commence their pension, were assumed to have 100% of the liability settled by annuity purchase and 0% by commuted value.



Expenses

In accordance with the Administrator Cost Summary approved by FSRA, an allowance of \$365,000 was made for administration, actuarial, and investment expenses to be incurred with respect to the wind-up that will occur after the Wind-up Date. Any possible legal or other costs have not been considered. Further, no allowance has been made for any expenses related to the distribution of any surplus, which will be addressed in a future report (if necessary).

The amount of expense allowance is only an estimate and may differ significantly from the real expenses incurred with respect to the Wind-up. In particular, actual expenses may be significantly higher in situations when the wind-up and settlement is spread over a number of years, or in the event the benefits are disputed in litigation.

Rate of Salary Increase

Not applicable.

Escalation of YMPE under Canada Pension Plan

Not applicable.

***Income Tax Act* (Canada) maximum pension limitation**

Not applicable.

Demographic Assumptions

Mortality

▪ **Lump-sum Commuted Value Payout**

Mortality rates were taken from the 2014 Canadian Pensioners' Mortality Table combined with mortality improvement scale CPM Improvement Scale B. The unisex percentage used for all members was 95% male and 5% female. This unisex percentage is consistent with the relative proportions of the liabilities in the Plan for the males and females at the Wind-up Date.

▪ **Annuity Purchase**

Mortality rates were taken from the 2014 Canadian Pensioners' Mortality Table combined with mortality improvement scale CPM Improvement Scale B.¹

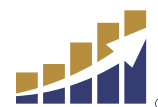
Withdrawal

Not applicable.

Disability incidence/recovery

Not applicable.

¹ For clarity, we have no reason to believe that the cost of the annuity purchase would differ substantially from the estimated cost outlined in the Educational Note Supplement on account of differences in expected mortality.



Retirement

- **Lump-sum Commuted Value Payout**

Retirement for the commuted value liability was determined in accordance with the Canadian Institute of Actuaries' Standards of Practice for Pension Commuted Values and using the 50%/50% probabilities at the optimal retirement age and earliest unreduced retirement age (which for members who qualify for the "grow-in" provisions is the age when a member reaches age 63 with 25 years of service for both the optimal age and the earliest unreduced retirement age).

- **Annuity Purchased**

Members were assumed to retire at the age which would maximize the liability (which for members who qualify for the "grow-in" provisions is the age when a member reaches age 63 with 25 years of service).

Marital Status

The actual marital status of retired members was used in the valuation. The marital status of other members is not required.

Member/Spouse Age Difference

Actual dates of birth for the spouses of retired members were used. The member/spouse age difference of other members is not required.

Other Assumptions

Reserve

No additional reserves were held.



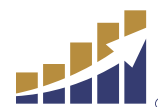
4.3 WIND-UP STATUS

The purpose of the Wind-up valuation is to present the financial position of the Plan as at April 14, 2023.

The financial position of the Plan as at April 14, 2023 is set out below. These results are based on the plan summary set out in Section 3 and the methods and assumptions set out in Section 4 of this report.

	April 14, 2023
Assets	
Market value of assets	\$16,523,200
Expense Provision	(365,000)
Total Wind-up Assets	<u>\$16,158,200</u>
Liabilities	
Commutated Value Elections	
Active Members	\$1,529,700
Transferred Members	279,900
Deferred Vested Members	495,700
2023 Terminations	1,247,200
Outstanding Members	22,400
Retired Members & Beneficiaries	0
	<u>\$3,574,900</u>
Annuity Purchase Elections	
Active Members	\$1,302,600
Transferred Members	197,800
Deferred Vested Members	299,900
2023 Terminations	3,436,100
Outstanding Members	0
Retired Members & Beneficiaries	5,766,600
	<u>\$11,003,000</u>
Total Wind-up Liabilities	\$14,577,900
Wind-up Excess (Deficiency)	\$1,580,300
Wind-up Funded Ratio	<u>110.8%</u>

The Wind-up excess/deficiency will change as a result of changes in long-term interest rates and investment performance from the Wind-up Date to the ultimate settlement date. The Wind-up excess/deficiency will also change as a result of member elections of commuted values or annuities different than those assumed. The Wind-up liabilities for the Plan members who elect a lump-sum settlement will be credited with interest from the Wind-up Date to the first day of the month in which settlement occurs based on the prescribed interest rates. Final Wind-up liabilities for the Plan members who will have annuities purchased on their behalf will be determined when the annuities are purchased.



Once approval for the Wind-up has been granted by FSRA, and members have been provided with an opportunity to complete their wind-up option form elections, the financial position of the Plan should be reevaluated to determine if any additional funding requirements are required, if there is any potential claim against the Pension Benefits Guarantee Fund, and/or if there is any need to adjust the pensions for the members affected by the Wind-up.



APPENDIX 1 - ACTUARIAL OPINION

DCL CORPORATION HOURLY PENSION PLAN (Registration Number 0401455)

Wind-up Financial Position

In my opinion, based on the results of the actuarial valuation, there is a Wind-up surplus of \$1,580,300 for the Plan as of April 14, 2023.

Reevaluation

Once approval for the Wind-up has been granted by FSRA, and members have been provided with an opportunity to complete their wind-up option form elections, the financial position of the Plan should be reevaluated to determine if any additional funding requirements are required, if there is any potential claim against the Pension Benefits Guarantee Fund, and/or if there is any need to adjust the pensions for the members affected by the Wind-up.

Data

In my opinion, the membership data on which the valuation is based are sufficient and reliable for the purposes of the valuation.

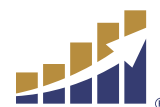
Assumptions

This report has been prepared using the assumptions permitted under the *Ontario Pension Benefits Act* and the *Income Tax Act* (Canada) and the corresponding Regulations and in my opinion, the assumptions are appropriate for the purposes of:

1. the determination of the total value of the benefit entitlements of all members affected by the Wind-up of the Plan;
2. the determination of the deficit related to the members affected by the Wind-up, if any;
3. the determination of any additional funding requirements or potential claim to the Pension Benefits Guarantee Fund as a result of the Wind-up, if any; and,
4. the disclosure of the lump sum for each member of the Plan whose benefits may be discharged by a lump-sum transfer.

In my opinion, the capitalized values of the member's entitlements have been determined in accordance with the Canadian Institute of Actuaries' Standards of Practice for Pension Commuted Values, and the estimated cost to purchase annuities was established in accordance with the *Educational Note Supplement: Guidance for Assumptions for Hypothetical Wind-Up and Solvency Valuations Update – Effective March 31, 2023, and Applicable to Valuations with Effective Dates on or after March 31, 2023, and no later than June 29, 2024*, from the Canadian Institute of Actuaries' Committee on Pension Plan Financial Reporting.

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Methods

In my opinion, the methods employed in the valuation are appropriate for the purpose of this valuation of the Plan.

Accepted Actuarial Practice

This report has been prepared, and my opinions given, in accordance with accepted actuarial practice in Canada.



Dean Newell
Fellow, Canadian Institute of Actuaries

December 11, 2023

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APPENDIX 2 - ADMINISTRATOR'S CERTIFICATE

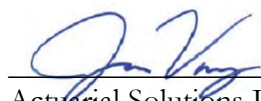
DCL CORPORATION HOURLY PENSION PLAN (Registration Number 0401455)

With respect to the attached actuarial valuation with an effective date of April 14, 2023, we hereby certify that, to the best of our knowledge and belief:

- 1) The summary of the plan provisions contained in Section 3.1 of this report is a complete and accurate summary of the terms of the Plan which affect the liabilities of the Plan;
- 2) The summary of membership data in Section 3.2 of this report are a complete and accurate description of all persons who are or will become entitled to benefits under the terms of the Plan.
- 3) The summary of plan assets contained in Section 3.3 of this report is a complete and accurate summary of the assets available to support the benefit promises of the Plan.
- 4) All material events that have occurred subsequent to April 14, 2023 that may have an impact on the results of the valuation have been communicated to the actuary.

With respect to the attached actuarial valuation with an effective date of April 14, 2023, we hereby certify that we have instructed the actuary to not hold a liability reserve for potential data corrections that may arise.

Signed:



Actuarial Solutions Inc.
Appointed Administrator

Name:

Jason Vary

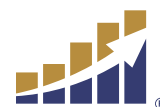
Title:

President

Date:

December 11, 2023

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APPENDIX “D”

Approval Letter – Salaried DB Plan

25 Sheppard Avenue West
Suite 100
Toronto ON
M2N 6S6

Telephone: 416 250 7250
Toll free: 1 800 668 0128

25, avenue Sheppard Ouest
bureau 100
Toronto (Ontario)
M2N 6S6

Téléphone : 416 250 7250
Sans frais : 1 800 668 0128

February 15, 2024

Registration Number: 0989616

Jason Vary
President
Actuarial Solutions
466 Speers Road
3rd Floor
Oakville ON L6K 3W9

Dear Jason Vary:

Re: DCL Corporation Salaried Pension Plan

Based on the documents in our files and our review of the wind-up report and other documents submitted by you as required under the *Pension Benefits Act*, R.S.O. 1990, c. P.8 (PBA) and Regulation 909, R.R.O. 1990, the proposals set out in the wind-up report for the distribution of pension benefit entitlements are acceptable for purposes of the PBA. Pursuant to my authority under section 70 (3) of the PBA, with the exception of the surplus assets, the distribution of the assets of the pension plan in accordance with the wind-up report is hereby authorized.

Any proposals with respect to the distribution of the surplus assets on wind-up will be dealt with separately. When the proposals for the distribution of the surplus assets are found to be acceptable, we shall proceed with the approval of the wind up report.

If at any time you have any questions or concerns, you may contact me either at the address above, or directly by email at michael.palozzi@fsrao.ca . Please reference the registration number shown at the top right-hand corner of this letter.

Yours Truly,



FSRA
by Delegated Authority from
the Chief Executive Officer, Financial Services Regulatory Authority of Ontario

Jason Vary
President
Actuarial Solutions
466 Speers Road
3rd Floor
Oakville ON L6K 3W9

APPENDIX “E”

Approval Letter – Hourly DB Plan



Financial Services Regulatory
Authority of Ontario



Autorité ontarienne de réglementation
des services financiers

www.fsrao.ca

25 Sheppard Avenue West
Suite 100
Toronto ON
M2N 6S6

Telephone: 416 250 7250
Toll free: 1 800 668 0128

25, avenue Sheppard Ouest
bureau 100
Toronto (Ontario)
M2N 6S6

Téléphone : 416 250 7250
Sans frais : 1 800 668 0128

February 15, 2024

Registration Number: 0401455

Jason Vary
President
Actuarial Solutions
466 Speers Road
3rd Floor
Oakville ON L6K 3W9

Dear Jason Vary:

Re: DCL Corporation Hourly Pension Plan

Based on the documents in our files and our review of the wind-up report and other documents submitted by you as required under the *Pension Benefits Act*, R.S.O. 1990, c. P.8 (PBA) and Regulation 909, R.R.O. 1990, the proposals set out in the wind-up report for the distribution of pension benefit entitlements are acceptable for purposes of the PBA. Pursuant to my authority under section 70 (3) of the PBA, with the exception of the surplus assets, the distribution of the assets of the pension plan in accordance with the wind-up report is hereby authorized.

Any proposals with respect to the distribution of the surplus assets on wind-up will be dealt with separately. When the proposals for the distribution of the surplus assets are found to be acceptable, we shall proceed with the approval of the wind up report.

If at any time you have any questions or concerns, you may contact me either at the address above, or directly by email at michael.palozzi@fsrao.ca . Please reference the registration number shown at the top right-hand corner of this letter.

Yours Truly,

FSRA
by Delegated Authority from
the Chief Executive Officer, Financial Services Regulatory Authority of Ontario

Jason Vary
President
Actuarial Solutions
466 Speers Road
3rd Floor
Oakville ON L6K 3W9

APPENDIX “F”

Escrow Release and Termination Agreement

ESCROW RELEASE AND TERMINATION AGREEMENT

This **ESCROW RELEASE AND TERMINATION AGREEMENT** (this “**Agreement**”) is made with effect as of the ____ day of _____, 2024.

BETWEEN:

KNRV INVESTMENTS INC. (“**KNRV**”)

AND

1000156489 ONTARIO INC. (F/K/A DCL CORPORATION) (the “**Company**”)

AND

BMO TRUST COMPANY (the “**Escrow Agent**”)

WHEREAS:

- A. KNRV, Color Acquisition Corporation and the Escrow Agent are party to an escrow agreement dated September 30, 2016 (the “**Escrow Agreement**”). The Company is the successor to Color Acquisition Corporation.
- B. The Company commenced proceedings under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA Proceedings**”), and, on December 20, 2022, an initial order was granted by the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), pursuant to which, *inter alia*, Alvarez & Marsal Canada Inc., was appointed as monitor (in such capacity, the “**Monitor**”).
- C. Pursuant to certain Orders made by the Court in the CCAA Proceedings, the Monitor is authorized and empowered to exercise certain enhanced powers in respect of the Company, including to execute agreements in the name of or on behalf of the Company, including this Agreement.

NOW THEREFORE in consideration of the mutual covenants and agreements hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

- 1. All capitalized terms undefined herein have the meanings given to them in the Escrow Agreement.
- 2. The Company and KNRV hereby authorize and direct the Escrow Agent forthwith upon receipt of a fully executed copy of this Agreement, to release all remaining funds in the Escrow Account (after allowance for fees and interest as of today’s date) in favor of:

KNRV Investments Inc.
399 Bonny Meadow Road
Oakville, ON
L6J 6H1, Canada

The foregoing direction is irrevocable and shall constitute the Escrow Agent's good and efficient authority for making such payments as directed above.

3. The Company, KNRV and the Escrow Agent hereby agree to the termination and discharge of the Escrow Agreement immediately upon the final release of funds by the Escrow Agent pursuant to paragraph 2 above.
4. KNRV and the Escrow Agent acknowledge and agree that the Monitor, acting in its capacity as Monitor of the Company in the CCAA Proceedings and in accordance with the expanded powers granted to it pursuant to the Orders made in the CCAA Proceedings and shall have no liability in connection with this Agreement whatsoever in its capacity as Monitor, in its personal capacity or otherwise.
5. Each of the parties hereto shall execute and deliver such additional documents and instruments and shall perform such additional acts as may be reasonably necessary or appropriate in connection with this Agreement and all transactions contemplated by this Agreement to effectuate, carry out and perform all of the covenants, obligations, and agreements contained herein.
6. No party may assign this Agreement without the prior written consent of the other parties, which consent may not be unreasonably withheld or delayed.
7. The provisions of this Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.
8. This Agreement may be executed in any number of counterparts and all such counterparts shall, for all purposes, constitute one agreement binding on all the parties hereto notwithstanding that all parties are not signatories to the same counterpart, provided that each party has signed at least one counterpart.
9. This Agreement may be executed and delivered by facsimile or electronic transmission and the parties hereto may rely upon all such signatures as though such signatures were original signatures.
10. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, each of the parties have duly executed this Escrow Release and Termination Agreement as of the date first written above.

KNRV INVESTMENTS INC.

Per : _____

Name :

Title :

Party : KNRV Investments Inc.

1000156489 ONTARIO INC. (F/K/A DCL CORPORATION)

Per : _____

Name :

Title : Senior Vice President, Alvarez &
Marsal Canada Inc., solely in its
capacity as Monitor of 1000156489
Ontario Inc. (f/k/a DCL Corporation)
and not in its personal or corporate
capacity

BMO TRUST COMPANY

Per : _____

Name :

Title :

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

Court File No.: CV-22-00691990-00CL

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
DCL CORPORATION**

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

EIGHTH REPORT OF THE MONITOR

OSLER, HOSKIN & HARCOURT LLP

1 First Canadian Place, P.O. Box 50
Toronto, ON M5X 1B8

Marc Wasserman (LSO# 44066M)

Email: MWasserman@osler.com

Martino Calvaruso (LSO# 57359Q)

Email: MCalvaruso@osler.com

Counsel for Alvarez & Marsal Canada Inc., solely in its
capacity as Monitor of 1000156489 Ontario Inc. (f/k/a DCL
Corporation) and not in its personal or corporate capacity