

Court File No. CV-25-00738613-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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

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

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**MOTION RECORD OF THE EMPLOYEE REPRESENTATIVE COUNSEL**

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February 4, 2026

**Ursel Phillips Fellows Hopkinson LLP**  
555 Richmond Street West, Suite 1200  
Toronto, Ontario M5V 3B1

**Susan Ursel LSO# 26024G**  
Tel: (416) 969-3515  
Email: [sursel@upfhlaw.ca](mailto:sursel@upfhlaw.ca)

**Karen Ensslen LSO#: 60419G**  
Tel: (416) 969-3518  
Email: [kensslen@upfhlaw.ca](mailto:kensslen@upfhlaw.ca)

Employee Representative Counsel

# INDEX

<b>INDEX</b>	
<b>Tab</b>	<b>Document</b>
1.	Notice of Motion
2.	Affidavit of Rita De Fazio, sworn February 4, 2026
A.	Confidential Exhibit "A" – The Hardship Programs Term Sheet
B.	Exhibit "B" - The Trust Agreement
3.	Draft Hardship Programs Order

# **TAB 1**

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ONTARIO INC., SNOSPMIS LIMITED, 2472596 ONTARIO INC., AND 2472598  
ONTARIO INC.**

**NOTICE OF MOTION**

**(Re: Hardship Programs)**

Employee Representative Counsel will make a Motion before the Honourable Justice Kimmel of the Ontario Superior Court of Justice (Commercial List) on February 11, 2026 at 11am, or as soon after that time as the motion can be heard.

**PROPOSED METHOD OF HEARING:** The motion is to be heard:

- In writing under subrule 37.12.1 (1) because it is *(insert one of on consent, unopposed or made without notice)*;
- In writing as an opposed motion under subrule 37.12.1 (4);
- In person;
- By telephone conference;
- By video conference.

at the following location: 330 University Avenue, Toronto, Ontario and via zoom.

**THE MOTION IS FOR:**

1. An order (the "Hardship Programs Order") substantially in the form attached as Tab 3 of the Motion Record, among other things:

- (a) Approving the Hardship Programs Term Sheet (the “**Term Sheet**”), described herein, and authorizing and directing the Applicants, Employee Representative Counsel (“**ERC**”), the Trustees of the Zeller’s Inc. Health and Welfare Trust (the “**Trustees**”), the Monitor, the Manufacturers Life Insurance Company (“**Manulife**”), the Bank of Nova Scotia and its affiliates (collectively, “**ScotiaWealth**”), and the Hardship Committee (as defined in the Term Sheet), to take such additional steps and execute such additional documents as may be necessary or desirable to implement the Hardship Programs, which include the Trust Program, the Woodwards Replacement Policy, and the Employee Hardship Program, all as described in the Term Sheet;
- (b) Authorizing and directing the Trustees, 1242939 B.C. Unlimited Liability Company (the “**Company**”), and ScotiaWealth to distribute the cash proceeds in accordance with the Interim Payment provisions and the Distribution Waterfall, described below and in the Term Sheet;
- (c) Authorizing the Trustees and Applicants to execute all necessary resolutions and enter into all necessary agreements to terminate the Trust, the Trust Plan, the LTD component of the ASO Plan Document and the Woodwards LTD Policy, all as described in the Term Sheet, as well as any necessary documentation in relation thereto, and to give effect to the Term Sheet;

- (d) Authorizing the Trustees, Applicants and Manulife to take such additional steps and execute such additional documents as may be necessary or desirable to terminate the Trust Plan and ASO Plan Document, each as defined below;
- (e) authorizing and directing the Trustees, ScotiaWealth and Manulife to make payment of the Reimbursement, the Post-Filing LTD Reimbursement and the Company Reserve Fund to the Monitor on behalf of the Applicants, to be held pending distribution to the FILO Agent or pursuant to further order of the Court;
- (f) directing Manulife to remit the funds held by Manulife under the Company Reserve Fund, defined below, to the Monitor on behalf of the Applicants;
- (g) Authorizing and directing the Applicants to direct the Monitor to allocate approximately \$57,000 from the Company Reserve Fund to purchase the Woodwards Replacement Policy, defined below;
- (h) Authorizing and directing the Applicants to allocate \$250,000 from cash on hand to establish the Employee Hardship Program if the relevant conditions under the Term Sheet are met;
- (i) Releasing the Trustees, Employee Representative Counsel and the Applicants, the Monitor, Manulife, Scotia Wealth, as applicable, and their respective directors, officers, and employees, of liability from any and all present and future claims whatsoever in connection with their administration

of the Trust, implementation of the Trust Program and the Woodwards Replacement Policy, and the carrying out the terms of the Hardship Programs and the Court's Order, provided that nothing in the Order shall waive any claim for fraud or wilful misconduct or any claim that is not permitted to be released pursuant to section 5.1(2) of CCAA;

- (j) Releasing the Monitor and the Hardship Committee, established pursuant to the Term Sheet, of liability in connection with any assessment or determination on an application from a Hardship Applicant to receive Employee Hardship Payments, as defined in the Hardship Programs Term Sheet, subject only to any claim for fraud or wilful misconduct; and
- (k) Sealing confidential personal information in the Term Sheet.

2. Such further relief as this Honourable Court may deem just.

## **THE GROUNDS FOR THE MOTION ARE:**

### **A. BACKGROUND**

- 3. On March 7, 2025, the Applicants sought and obtained protection under the CCAA pursuant to the Initial Order of the Superior Court of Justice (Commercial List) (the "**Court**"), which among other things appointed Alvarez & Marsal Canada Inc. as the Monitor of the Applicants in these CCAA Proceedings (the "**Initial Order**").
- 4. Pursuant to an Order dated May 5, 2025, the Court appointed Ursel Phillips Fellows Hopkinson LLP as ERC to represent the interests of current and former employees with continuing entitlements from the Applicants or any of them as at

the date of the Initial Order, and retirees of the Applicants, who are not represented by a union, or were not represented by a union at the time of their separation from employment, or any person claiming an interest under or on behalf of a current or former employee of the Applicants including beneficiaries and surviving spouses but excluding directors and officers of the Applicants (collectively the **“Represented Employees”**).

5. On June 1, 2025, the Applicants terminated the employment of the vast majority of their employees, and effective June 15, 2025, terminated the employment of all but those employees retained to wind up the Applicant’s business.
6. On June 3, 2025, the Court issued a declaration that the Applicants were former employers meeting the criteria prescribed under the *Wage Earner Protection Program Act* (“**WEPPA**”) and its regulations effective June 21, 2025..

## **B. EMPLOYEE HARDSHIPS**

7. As of the Initial Order date, the Applicants employed approximately 9,364 people across 96 stores, 4 distribution centres and head office.
8. The employment of all but those employees retained to assist with the wind-up of the business was terminated on or before June 15, 2025. Since that date, the Applicants have continued to lay off those employees retained to wind down the business as various tasks have been completed. As of February 1, 2025, the Applicants have approximately 8 remaining active employees.

9. In addition to the loss of employment, the Represented Employees have faced the loss of additional income and benefits, including the loss of group benefits, other-post employment benefits, termination and severance pay amounts over and above the WEPP maximum benefit, salary continuances, parental leave top-up benefits and Supplemental Executive Retirement Plan benefits.
10. In particular, as of the Initial Order, approximately 188 employees and former employees of the Applicants were covered by long-term disability (“**LTD**”) plans that were funded through HBC’s general revenues and administered by Manulife through an administrative-services only (“**ASO**”) plan. Commencing May 27, 2025, the Applicants gave notice the discontinuance of ASO LTD benefits effective June 15, 2025.
11. Certain former employees and retirees of the Applicants have faced unique hardships as a result of the loss of this income and these benefits.

### **C. NEGOTIATION OF THE HARDSHIP PROGRAMS**

12. Following ERC’s appointment, ERC, the Applicants, the Secured Lenders and the Trustees, in consultation with the Monitor, and with the assistance of Manulife, have engaged in without prejudice discussions and conducted diligence with respect to various aspects of the proposed hardship programs.
13. Those negotiations were multi-faceted, and involved financial, legal, tax, and benefits considerations. Significant effort was made to ensure that programs to alleviate the hardships facing employees could be provided in the most economical fashion, while protecting all parties from undue liabilities.

14. Upon the request of ERC and with the support of the Applicants, the Monitor and the Secured Lenders, the Company extended ASO LTD benefits to July 15, 2025 to facilitate further diligence and negotiation toward the establishment of funds to alleviate the hardship to the ASO LTD recipients.
15. ERC further negotiated with the Applicants and the Secured Lenders, in consultation with the Monitor, for subsequent extensions to the payment of ASO LTD benefits to ASO LTD recipients from July 15, 2025 to February 15, 2026 (the **“Post-Filing LTD Payments”**), to facilitate further negotiation toward the establishment of funds to alleviate the hardship to the ASO LTD recipients and other Represented Employees. In this respect, ERC undertook to support reimbursement of the Applicants for the cost of the Post-Filing LTD Payments from the assets of the Trust.
16. During this period, several ASO LTD recipients reached age 65 and ceased to be entitled to LTD benefits in accordance with the terms of their respective plans.
17. As of February 4, 2026, there are approximately 157 former employees in continuing receipt of ASO LTD benefits under the Hudson’s Bay Company ULC Employee Life and Health Plan and the plan document issued and administered by Manulife under plan number 83432 (the **“ASO Plan Document”**), in each case as described further below (the **“Extended LTD Recipients”**).
18. The overwhelming majority of the Extended LTD Recipients have been disabled for a significant period and are not anticipated to recover from their disability. This majority of the Extended LTD Recipients have qualified for LTD benefits under the

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

19. In addition, there is one former Woodwards Stores Limited/Simpsons, Limited employee (the “**Woodwards LTD Recipient**”) receiving ASO LTD benefits under the plan document issued and administered by Manulife under plan number 83002 (the “**Woodwards Plan Document**”).
20. The Woodwards LTD Recipient is a lengthy LTD claimant who was quite young at the date of their disability and is considered permanently disabled.
21. The Extended LTD Recipients and the Woodwards LTD Recipient are a vulnerable group who are unable to work to earn a living due to disability, and whose only other source of replacement income are government disability and welfare programs.

#### **D. THE HARDSHIP PROGRAMS TERM SHEET**

22. On February 3, 2026, the parties executed the Term Sheet, under which ERC and the Applicants, with the consent and acknowledgement of the Monitor, Restore Capital LLC in its capacity as FILO Agent, the Trustees and Manulife, will establish three programs to relieve the hardships faced by Represented Employees:
  - (a) **The Trust Program**, to provide certain payments in settlement of future claims for LTD benefits to the Extended LTD Recipients, whose benefits would otherwise have terminated;

- (b) **The Woodwards Replacement Policy**, to provide the continuation and settlement LTD policy for the Woodwards LTD Recipient, whose LTD benefits would otherwise have terminated; and
- (c) **The Employee Hardship Program**, to provide an avenue for former employees facing extraordinary hardship to obtain some relief, provided the conditions to the establishment of the Employee Hardship Program set out in the Term Sheet have been met.

23. There are three sources of funding for the Hardship Programs:

- (a) The Zellers Limited Health and Welfare Trust (the “**Trust**”), which holds assets valued at approximately \$9,900,000;
- (b) The “**Company Reserve Fund**”, being the fund held by Manulife in the amount of approximately \$1,639,000, which was funded by the Company pursuant to a Financial Arrangements Document between the Company and Manulife, effective October 1, 2024 (the “**Financial Arrangements**”); and
- (c) Provided the conditions to the establishment of the Employee Hardship Program set out in the Term Sheet have been met, the Applicant’s cash on hand, in the maximum amount of \$250,000, if applicable.

24. The Term Sheet represents a compromise with respect to competing claims by the Applicants, supported by the Secured Lenders, and ERC with respect to the assets of the Trust and the Company Reserve Fund. The Term Sheet and the proposed

Hardship Programs are the culmination of significant negotiations between the ERC, the Secured Lenders, and the Applicants, and considerable engagement between ERC, the Applicants, the Monitor, the Trustees, the Secured Lenders and Manulife with respect to the structure of potential programs for the benefit of eligible Represented Employees.

## **SEALING PERSONAL INFORMATION**

25. In connection with the approval of the Term Sheet, ERC is seeking a sealing order in respect of confidential personal information contained in: (a) Schedule "A" to the Term Sheet, which identifies the Extended LTD Recipients, their Pre-Determined Monthly Amounts and their Maximum Benefit (Age 65) dates; and (b) para. B.1 of the Term Sheet which identifies the Woodwards LTD Recipient (the "**Personal Information**").
26. The Personal Information discloses both personal financial information as well as personal health information of the Extended LTD Recipients and the Woodwards LTD Recipient, who would have expected that their names, their receipt of LTD benefits, and financial information related to their receipt of LTD benefits would be kept confidential, and who have not consented to the public disclosure of the Personal Information.
27. ERC and the Applicants are further seeking a sealing order over the names of the Trustees, to protect their privacy.

## **OTHER GROUNDS**

28. Section 11 of the CCAA and the inherent and equitable jurisdiction of this Court;

29. Rules 1.04, 2.03, 3.02, 16, 37 and 39 of the Rules of Civil Procedure, RRO 1990, Reg. 194, as amended;
30. Section 137(2) of the *Courts of Justice Act*, RSO 1990, c. C.43; and
31. Such further and other grounds as counsel may advise and this Court may permit.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:

32. The Affidavit of Rita De Fazio, affirmed February 4, 2026;
33. The Thirteenth Report of the Monitor, to be filed; and
34. Such further and other evidence as counsel may advise and this Court may permit.

February 4, 2026

**Ursel Phillips Fellows Hopkinson LLP**  
555 Richmond Street West, Suite 1200  
Toronto, Ontario M5V 3B1

**Susan Ursel LSO#: 26024G**  
Tel: 416-969-3515  
Email: [sursel@upfhlaw.ca](mailto:sursel@upfhlaw.ca)

**Karen Ensslen LSO#: 60419G**  
Tel: (416) 969-3518  
Email: [kensslen@upfhlaw.ca](mailto:kensslen@upfhlaw.ca)

Employee Representative Counsel

To: Service List

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,  
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AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
1242939 B.C. UNLIMITED LIABILITY COMPANY et al.

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**  
(Proceeding commenced in Toronto)

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**NOTICE OF MOTION**

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**Ursel Phillips Fellows Hopkinson LLP**  
555 Richmond Street West, Suite 1200  
Toronto, Ontario M5V 3B1

**Susan Ursel LSO#: 26024G**  
Tel: 416-969-3515  
Email: [sursel@upfhlaw.ca](mailto:sursel@upfhlaw.ca)

**Karen Ensslen LSO#: 60419G**  
Tel: (416) 969-3518  
Email: [kensslen@upfhlaw.ca](mailto:kensslen@upfhlaw.ca)

Employee Representative Counsel

## **TAB 2**

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ONTARIO INC., SNOSPMIS LIMITED, 2472596 ONTARIO INC., AND 2472598  
ONTARIO INC.**

**AFFIDAVIT OF RITA DE FAZIO**

**(Affirmed February 4, 2026)**

I, Rita De Fazio, of the City of Toronto, in the Province of Ontario, DO SOLEMNLY  
AFFIRM AS FOLLOWS:

1. I am an Associate at Ursel Phillips Fellows Hopkinson LLP, Employee Representative Counsel ("ERC") in the above-captioned matter. As such, I have personal knowledge of the matters to which I herein depose or where my knowledge is based upon information and belief, I refer to the source of that information, and believe it to be true.
  
2. This Affidavit is affirmed in support of a motion by ERC for the approval of a term sheet between 1242939 B.C. Unlimited Liability Company (formerly, the Hudson's Bay Company ULC; the "Company") and ERC executed February 3, 2026 (the "Term Sheet"), entered into as a settlement of issues as described further below.

The Term Sheet, if approved, would create three programs (together, the “**Hardship Programs**”) to alleviate hardships facing former employees and retirees of the Company (together with its related entities in these proceedings, the “**Applicants**”) and certain of its subsidiaries and to settle future claims of former employees whose long-term disability (“**LTD**”) benefits would have terminated, on terms agreed as between ERC and the Applicants, in consultation with (i) the Company’s health and benefits provider The Manufacturers Life Insurance Company (“**Manulife**”), (ii) Alvarez & Marsal Canada Inc. in its capacity as Court-appointed monitor of the Applicants in these proceedings under the *Companies’ Creditors Arrangement Act (Canada)* (“**CCAA**”) (in such capacity, the “**Monitor**”), and (iii) Restore Capital, LLC (“**Restore**”) as follows and as described in greater detail below:

- (a) The Trust Program;
- (b) The Woodwards Replacement Policy; and
- (c) The Employee Hardship Program.

3. Pursuant to the Employee Representative Counsel Order of the Superior Court of Justice (Commercial List) (the “**Court**”) dated May 5, 2025 (the “**ERC Order**”) in the Applicants’ ongoing CCAA proceedings, the Applicants were, subject to confidentiality provisions, required to provide ERC with “such documents and data as may be reasonably relevant to matters relating to the issues affecting the Represented Employees in the Insolvency Proceedings.”

4. Accordingly, the Applicants provided ERC with substantial documentation and data, which is the basis of much of my information. In addition, ERC has been provided with information by counsel of the Applicants at Stikeman Elliott LLP (“**Stikeman**”), which also provides the basis of the information in my affidavit.
5. Furthermore, and as described further below, ERC has coordinated extensively with Manulife as administrator of various benefits policies of the Company, and received substantial information from Manulife and its counsel, which also provides the basis of the information in my affidavit.

## **BACKGROUND**

6. On March 7, 2025, the Applicants sought and obtained protection under the CCAA pursuant to the initial order of the Superior Court of Justice (Commercial List) (the “**Court**”), which among other things appointed Alvarez & Marsal Canada Inc. as the Monitor (the “**Initial Order**”).
7. At the Comeback Motion, on March 21, 2025, the Applicants sought and obtained an amended and restated Initial Order. On the same date, the Applicants sought and obtained the Sales and Investment Solicitation Process (“**SISP**”) Order, which among other things, approved the SISP and authorized the Applicants and their financial advisor, to conduct the SISP under the supervision of the Monitor.
8. On May 5, 2025, pursuant to the ERC Order, the Court appointed Ursel Phillips Fellows Hopkinson LLP as ERC to represent the interests of current and former employees with continuing entitlements from the Applicants or any of them as at the date of the Initial Order, and retirees of the Applicants, who are not represented

by a union, or were not represented by a union at the time of their separation from employment, or any person claiming an interest under or on behalf of a current or former employee of the Applicants including beneficiaries and surviving spouses but excluding directors and officers of the Applicants (collectively the **“Represented Employees”**).

9. Having received no going concern bids in the SISP, the Applicants sought and obtained the Approval and Vesting Order on June 3, 2025 with respect to the sale of the Company’s intellectual property portfolio and related transactions.
10. On June 3, 2025, the Court issued a declaration that the Applicants were former employers meeting the criteria prescribed under the Wage Earner Protection Program Act (“**WEPPA**”) and its regulations effective June 21, 2025.
11. On June 23, 2025, the Court issued an Order authorizing the Applicants and certain related entities to execute and file articles of amendment or such other documents or instruments as may be required to change their legal names, and upon official change of the legal names, replacing the Applicant’s former legal names with the new legal names of the Applicants within the title of proceedings.

#### **NEGOTIATION OF THE EMPLOYEE FUNDS**

12. Following the appointment of ERC on May 5, 2025, ERC was given notice of the Applicants’ motion to approve distributions to the ABL Agent and the FILO Agent, which motion was heard and granted on May 13, 2025.

13. In advance of that motion, ERC requested assurances from the Applicants that they would cooperate with ERC and other relevant stakeholders with a view to concluding a term sheet with respect to hardships faced by Represented Employees. Having received those assurances from the Applicants and similar assurances from other stakeholders, including Restore, Pathlight Capital LLC and 2171948 Ontario Inc. (the “**Secured Lenders**”), ERC did not oppose the distribution motion on May 13, 2025.
14. ERC proposed the creation of hardship programs to the Applicants, Monitor and Secured Lenders on or about May 12, 2025. Since that time, ERC, the Applicants and the Secured Lenders, in consultation with the Monitor, and with the assistance of Manulife, have engaged in without prejudice negotiations and conducted diligence with respect to various aspects of the proposed hardship programs.
15. Those negotiations were multi-faceted, and involved financial, legal, tax, and benefits considerations. Significant effort was made to ensure that the benefits could be provided in the most economical fashion, while protecting all parties from undue liabilities.
16. On February 3, 2026, the parties executed the Term Sheet attached as **Exhibit A** to my affidavit, under which ERC and the Applicants, with the consent and acknowledgement of Restore, the Monitor and certain other parties, seek to establish three programs to relieve the hardships faced by Represented Employees:

- (a) **The Trust Program**, to provide extension and settlement of certain future claims for LTD benefits for approximately 157 former employees of the Applicants whose LTD benefits would otherwise have terminated;
- (b) **The Woodwards Replacement Policy**, to provide the continuation and settlement of LTD benefits through a paid-up contract of insurance for a former employee of Woodwards Stores Limited/Simpsons, Limited (each a predecessor of the Applicants), whose LTD benefits would otherwise have terminated; and
- (c) **The Employee Hardship Program**, to provide an avenue for former employees of the Applicants facing extraordinary hardship to obtain some relief (should certain conditions in the Term Sheet be met).

17. The Hardship Programs would receive funding from three sources:

- (a) The Zeller's Limited Health and Welfare Trust Fund (the "**Trust**", described further below), with current assets of approximately \$9,900,000;
- (b) A reserve fund with current assets of approximately \$1,639,000 (the "**Company Reserve Fund**"), as held by Manulife in respect of amounts funded by the Company (as described further below); and
- (c) The Applicant's cash on hand in the amount of \$250,000, if applicable.

18. This Term Sheet represents the consensual resolution of issues between ERC, the Applicants, and the Secured Lenders concerning entitlement to funds from the Trust and Company Reserve Fund and the matters addressed therein, and will

provide substantial benefit to a vulnerable group of former employees of the Applicants.

## THE EMPLOYEE HARDSHIPS

19. As of the Initial Order date, the Applicants employed approximately 9,364 people across 96 stores, 4 distribution centres and head office.
20. The employment of all but those employees retained to assist with the wind-up of the business was terminated on or before June 15, 2025. Since that date, the Applicants have continued to lay off those employees retained to wind down the business as various tasks have been completed. As of February 1, 2026, the Applicants have approximately eight (8) remaining active employees.
21. In addition to the loss of employment, former employees and retirees of the Applicants have faced the loss of additional income and benefits, including:
  - (a) **LTD benefits:** As described further below, as of March 7, 2025, approximately 188 employees and former employees of the Applicants were covered by LTD plans that were funded through the Applicants' general revenues and administered by Manulife through an administrative-services only ("ASO") plan. As described in the Affidavit of Michael Culhane sworn May 26, 2025 (the "**Culhane Affidavit**"), the Applicants continued to make LTD benefit payments after the Initial Order, and then gave notice to such individuals that their LTD benefits would terminate effective June 15, 2025 (although such LTD payments were further continued after June 15,

2025 in connection with the negotiation of the Term Sheet, as further described below).

- (b) **Group benefits:** All terminated employees' group benefits, including extended health benefits, dental benefits and life insurance were terminated as of their termination date, and no benefits or pay in lieu of benefits was received as part of any notice period.
- (c) **Other Post-Employment Benefits:** As described in the Culhane Affidavit, as of the Initial Order, the Applicants provided certain other post-employment benefits ("OPEBs") to approximately 2,200 retirees, their spouses and other eligible dependents which benefits included extended health benefits, dental benefits, and life insurance benefits. The OPEBs were discontinued effective April 30, 2025.
- (d) **Termination and severance pay amounts over and above the Wage Earners Protection Program ("WEPP") maximum benefit:** The Applicants did not make any termination or severance payments to terminated employees, and recovery for these amounts under the WEPP is limited to \$8,844.22. I am advised by the Monitor and do believe that approximately 3,755 individuals would have been entitled to termination and severance pay amounts exceeding the WEPP maximum.
- (e) **Salary continuance:** As of the Initial Order date, the Applicants had approximately 92 former employees in receipt of salary continuance and/or

severance payments. These payments were terminated effective on or before March 18, 2025.

- (f) **Parental leave top-up benefits:** As of the Initial Order, there were 5 employees who had commenced pregnancy/parental leaves and were in receipt of Pregnancy/Parental Leave top-up benefits. These benefits were terminated, effective March 30, 2025.
- (g) **Supplemental Executive Retirement Plan benefits:** As of the Initial Order, approximately 305 employees, former employees and retirees of the Applicants were active, deferred or vested members in various Supplemental Executive Retirement Plans (“**SERPs**”). As indicated in the Affidavit of Jennifer Bewley sworn April 17, 2025, on March 28, 2025, the Applicants provided notice of termination to all 196 SERP retirees, terminating their monthly SERP payments effective immediately. On April 4, 2025, notice was provided to participants including active and deferred members as well as retired members in payment informing them of the termination of the SERPs.

22. Former employees and retirees of the Applicants have contacted ERC to describe the hardships that they have faced as a result of the loss of this income and these benefits. Several have expressed anxiety about being unable to support themselves and their families, and certain individuals have also informed ERC that they were in acute mental distress.

### **The ASO LTD Recipients**

23. The most vulnerable of the former employees of the Applicants are those employees who were in receipt of LTD benefits under ASO arrangements that were paid through the Applicant's general revenues. At of March 7, 2025, approximately 188 employees or former employees of the Applicants were in receipt of ASO LTD benefits.
24. Unlike those former employees who received LTD benefits through policies of insurance, and as indicated in the Culhane Affidavit, commencing May 27, 2025, the Applicants gave notice to current and former employees in receipt of ASO LTD benefits that their LTD benefits would be discontinued effective June 15, 2025.
25. Upon the request of ERC and with the support of the Applicants, the Monitor and the Secured Lenders, the Company extended ASO LTD benefits to July 15, 2025 to facilitate further diligence and negotiation toward the establishment of funds to alleviate the hardship to the ASO LTD recipients.
26. ERC further negotiated with the Applicants and the Secured Lenders, with the consent of the Monitor, subsequent extensions to the payment of ASO LTD benefits to ASO LTD recipients for the period from July 15, 2025 to February 15, 2026 (the "**Post-Filing LTD Payments**"), to facilitate further diligence and negotiation toward the establishment of funds to alleviate the hardship to the ASO LTD recipients and other Represented Employees. In this respect, ERC undertook to support reimbursement of the Applicants for the cost of the Post-Filing LTD Payments from the assets of the Trust.

27. During this period, several ASO LTD recipients reached age 65 and ceased to be entitled to LTD benefits in accordance with the terms of their respective plans.
28. As of February 4, 2026, there are 157 former employees in continuing receipt of ASO LTD benefits under the Hudson's Bay Company ULC Employee Life and Health Plan and the plan document issued and administered by Manulife under plan number 83432 (the "**ASO Plan Document**"), in each case as described further below (the "**Extended LTD Recipients**").
29. Of the Extended LTD Recipients, approximately 55 former employees will reach age 65 before May 2028, and therefore the period represented by the LTD Termination Payment under the Term Sheet, described further below, will cover all of their potential claims for future LTD benefits.
30. The overwhelming majority of the Extended LTD Recipients have been disabled for a significant period and are not anticipated to recover from their disability. This majority of the Extended LTD Recipients have qualified for LTD benefits under the "any occupation" provisions of their respective plan documents, meaning that their claims have been approved on the basis that they are disabled from performing any occupation.
31. In addition, there is one former Woodwards Stores Limited/Simpsons, Limited employee (the "**Woodwards LTD Recipient**") receiving ASO LTD benefits under the plan document issued and administered by Manulife under plan number 83002 (the "**Woodwards Plan Document**").

32. The Woodwards LTD Recipient is a lengthy LTD claimant who was quite young at the date of their disability and is considered permanently disabled.
33. As ERC, we have communicated directly with many of the Extended LTD Recipients, who have expressed grave concerns regarding the discontinuation of their LTD benefits by the Applicants, including concerns related to:
  - (a) Loss of their primary source of income;
  - (b) Loss of housing;
  - (c) Inability to provide for other basic necessities; and
  - (d) Significant mental distress.
34. The Extended LTD Recipients and the Woodwards LTD Recipient are a vulnerable group who are unable to work to earn a living due to disability, and whose only other source of replacement income are government disability and welfare programs.

## **THE TRUST**

35. On June 1, 1980, Zeller's Limited (a predecessor of Zellers Inc.) ("**Zellers**") established the Trust and the Zeller's Limited Health and Welfare Plan (the "**Plan**") through an Agreement and Declaration of Trust (the "**Trust Agreement**") with the original trustees of the Trust. A copy of the Trust Agreement is attached as **Exhibit B** to my affidavit.

36. The Trust Agreement provides that the trustees agree to receive, hold and administer the trust fund “for the purpose of providing health and welfare benefits [...] for Participating Members, their eligible dependents, or beneficiaries, but for no other purpose.” Disability benefits are amongst the categories of permitted benefits to be provided by the Trust.
37. “Participating Member” is defined in the Trust Agreement as “any employee who is eligible in accordance with the terms of the Plan and on whose behalf contributions are being made by his Participating Employer”.
38. “Participating Employer” is defined as Zellers, as well as any affiliate, subsidiary or operating division “which elects to participate in the Plan, agrees to make contributions, and is approved for participation by the Trustees.”
39. The Trust Agreement defines the health and welfare benefits to be provided under the Plan, and permits changes or modifications to the benefits provided thereunder at any time and from time to time. Under the Trust Agreement, the assets of the Trust are to be used to provide such health and welfare benefits for the Plan.

### **The Company’s Assumption of Responsibility as Settlor of the Trust**

40. The Company acquired Zellers on August 30, 1978, and Zellers merged with the Company on January 31, 1981.
41. As a result, the Company assumed responsibilities of the settlor of the Trust (*mutatis mutandi* for Zellers) and as a Participating Employer under clause 1.06 of the Trust Agreement and continued the Trust and its associated Plan.

42. By resolution of the trustees executed in counterparts between December 21, 2021 and December 27, 2021, the Plan was restated and renamed The Hudson's Bay Company ULC Employee Life and Health Plan (the "**HBC Plan**"). The HBC Plan incorporated by reference the ASO Plan Document for the purposes of defining the benefits provided thereunder.
43. The HBC Plan expanded the group of potential / eligible Participating Members under the Trust beyond former Zellers employees, to include the Company's employees and to provide benefits, including LTD benefits to the Company's employees, Zellers employees hired prior to October 1, 2002, and certain terminated associates and terminated distribution centre employees.
44. Effective January 30, 2026, the Trust Agreement was amended to reduce the number of trustees required from five to three.

### **The Assets and Liabilities of the Trust**

45. The assets of the Trust are held in an account and invested with the Bank of Nova Scotia and its affiliates ("**ScotiaWealth**"), and are in the approximate amount of \$9,900,000.
46. Notwithstanding the adoption by the trustees of the HBC Plan, which provided for the benefits under the ASO Plan Document, since at least January 1, 2022, the Applicants had advanced the Applicants' cost of benefits under the ASO Plan Document through general revenues, in lieu of initially paying those costs from the assets of the Trust, with the advances to be reimbursed to the Applicants from the Trust.

47. In addition, for several years, the Applicants paid income taxes owed by the Trust from the Applicants' general revenues, rather than paying those taxes from the assets of the Trust, with the Trust to reimburse the Applicants for costs of the tax filings and taxes owing.
48. Accordingly, the Applicants and the Secured Lenders have asserted an entitlement to Trust assets as reimbursement for the payment of trust expenses historically advanced by Applicants, including advances in respect of benefits to be provided in accordance with the Trust, and taxes owed by the Trust.
49. ERC held extensive discussions with the Secured Lenders in respect of their assertions regarding the Trust assets, which raised the possibility of limited recovery to these funds by Represented Employees, and protracted litigation to address the issues that had been raised.

## THE COMPANY RESERVE FUND

50. For several years prior to the Initial Order, the Applicants contracted Manulife to provide various benefits to employees, former employees and retirees of the Company and certain legacy employers under various benefit plans on an ASO basis. Manulife and the Company are party to a Financial Arrangements Document, effective October 1, 2024 (the "**Financial Arrangements**"), which sets out the terms of the financial arrangements between parties in respect of the administration of such benefits on an ASO basis.
51. In accordance with the Financial Arrangements, Manulife held the Company Reserve Fund for the payment of benefits, administrative service charges and

applicable taxes. These reserves were not held in a formal trust arrangement. Manulife continues to hold the Company Reserve Fund, which was in the approximate amount of \$1,639,000 as of January 31, 2026. Under the Financial Arrangements, the Company is entitled to a refund of the Company Reserve Fund on termination of the arrangement.

52. The Secured Lenders have asserted entitlement to the assets of the Company Reserve Fund via a refund to the Applicants. ERC held extensive discussions with the Secured lenders in respect of their assertions and the circumstances of the Woodwards LTD Recipient, which raised the possibility of protracted litigation to address the issues that had been raised.
53. In accordance with the Term Sheet, Manulife will be directed to release the balance of the Company Reserve Fund to the Monitor on behalf of the Applicants, to be held pending distribution to Restore or pursuant to further order of the Court.
54. The Applicants will then direct the Monitor to remit approximately \$57,000 to Manulife to purchase the Woodwards Replacement Policy, described further below.

#### **THE TERM SHEET AND PROPOSED TERMINATION OF THE TRUST**

55. The Trust has not been terminated to date, although termination of the Trust and its orderly wind up are contemplated by the Term Sheet.
56. The Trust Agreement provides as follows in respect of termination of the Trust:

12.00 This Agreement and the Plan established hereunder shall be terminated by the Trustees on receipt of written instructions from Zeller's.

12.01 In the event of termination, the Trustees shall:

(a) make provisions out of the Trust Fund for the payment of reasonable expenses incurred up to the date of termination of the Trust Fund and the expenses incidental to such termination;

(b) arrange for a final audit and report of their transactions and accounts for the purpose of terminating their trusteeship; and

(c) pay the residue of the Trust Fund, if any, in accordance with a formula adopted by the Trustees.

57. Following lengthy negotiations between ERC, the Applicants, the Secured Lenders and the trustees of the Trust, and in consultation with the Monitor, the parties arrived at the Term Sheet.

58. The Term Sheet contemplates that immediately following the Court's approval of the Term Sheet, the Trust will reimburse the Company for the Post-Filing LTD Payments totalling \$1,050,000 (the "**Post-Filing LTD Reimbursement**").

59. The Term Sheet further contemplates that following the Court's approval of the Term Sheet, the trustees will enter into arrangements with the Company which permit the continuance of monthly LTD payments (net of all applicable statutory deductions, as determined by the Company) to each Extended LTD Recipient in the amount that each Extended LTD Recipient would have received pursuant to the HBC Plan and ASO Plan Document but for the Applicants' insolvency until the

earlier of (i) such time as the LTD Termination Payments (as hereinafter defined) are finalized and processed, (ii) the Extended LTD Recipient's attainment of age 65, and (iii) the Extended LTD Recipient's death ("Interim LTD Payments"). Interim LTD Payments made prior to December 31, 2026 are to be funded by the Trust in advance and are thereafter reimbursable to the Company by the Trust from the Trust Program.

60. The Term Sheet contemplates that no other assets of the Trust shall be distributed until the trustees are reasonably satisfied that the trustees shall have no personal liability in connection with the tax obligations of the Trust as of the effective date of the wind-up of the Trust (which may include a tax clearance certificate, other form of written confirmation or an order of the Court (the "Tax Comfort"). The Applicants and/or the trustees will take all reasonable steps to diligently pursue the Tax Comfort.
61. The Term Sheet further contemplates that, once the Tax Comfort has been obtained, all remaining assets in the Trust shall be distributed in accordance with the following waterfall (the "Distribution Waterfall"):
  - (a) **Wind-Up Reserve:** A wind up reserve shall be retained in the Trust in an amount equal to (i) all current and future tax obligations in respect of the Trust, consistent with the Tax Comfort, plus (ii) \$150,000, in respect of administrative or other fees or expenses reasonably incurred or expected to be incurred by the Trust to wind up the Trust (together, the "Wind-up Reserve").

(b) **Available Amount:** Second, following the establishment of the Wind-Up Reserve, the remaining Trust assets shall be made available for distribution (the “**Available Amount**”) for the following purposes:

- (i) Establishment of the Trust Program for distribution to Extended LTD Recipients in the manner described in Section A.5 of the Term Sheet in lieu of LTD benefits that would otherwise have been payable under the HBC Plan and the ASO Plan Document.
- (ii) Payment to the Monitor, on behalf of the Company, funds as reimbursement of (a) expenses incurred by the Company prior to July 15, 2025, in respect of LTD payments made to ASO LTD recipients; and (b) administrative or other fees, expenses, benefits or other amounts reasonably incurred, paid or provided by the Company on behalf of the Trust pursuant to the HBC Plan and the ASO Plan Document (collectively, the “**Reimbursement**”).

(c) **Target Amounts:** Third, the parties to the Term Sheet acknowledge that the intended target distributions from the Available Amount are:

- (i) payment to the Company, for application toward the Trust Program, of an amount of up to \$3,950,000 (the “**Maximum Trust Program Payment**”); and

(ii) payment to the Monitor, on behalf of the Company, as part of the Reimbursement, of \$4,100,000 (the “**Minimum Reimbursement Amount**”), (together, the “**Target Amounts**”).

(d) **Shortfall and Pain-Sharing Mechanism:** Finally, the parties to the Term Sheet have agreed on the consequences in the event that the wind-up expenses of the Trust, including terminal tax liabilities, result in the Available Amount being less than the Target Amount, as follows:

(i) No Shortfall: If the Available Amount is sufficient to pay the Target Amounts in full, then:

(A) the Maximum Trust Program Payment shall be paid in full; and

(B) the Minimum Reimbursement Amount shall be paid in full and any balance of the Available Amount shall form part of the Reimbursement.

(ii) Shortfall: If the Available Amount is insufficient to pay the Target Amounts in full, the amount by which the Available Amount is less than the Target Amounts shall constitute the “**Shortfall Amount**.” In such event:

(A) The payment made to the Trust Program shall be the Maximum Trust Program Payment reduced by 50% of the Shortfall Amount; and

(B) The payment made in respect of the Reimbursement shall be the Minimum Reimbursement Amount reduced by 50% of the Shortfall Amount.

62. The Term Sheet further provides mechanics for the distribution of any residual assets in the Wind-Up Reserve.

63. This division of assets represents the outcome of significant and extensive negotiations between all relevant parties. It provides for repayment of certain expenses incurred by the Applicants on behalf of the Trust, the orderly wind-up of the Trust, and the use of the residual assets of the Trust to provide payments in respect of LTD benefits to the Extended LTD Recipients, who are beneficiaries of the Trust.

64. In order to wind up the Trust, the trustees will be required to engage professionals and file outstanding and terminal tax returns. I am advised by Stikeman and do believe that the Applicants will assist the trustees with the wind-up of the Trust, that the Wind-Up Reserve is expected to provide for sufficient amounts to cover the wind-up costs and liabilities of the Trust, and is necessary to protect the trustees, who are individuals, including current and former employees of the Applicants.

65. The Minimum Reimbursement Amount represents a compromise on the claims of the Applicants, and therefore the Secured Lenders, to the assets of the Trust.

## THE TERMINATION OF THE LTD PLANS

66. Under each of the ASO Plan Document and the Woodwards Plan Document, the Company retained ultimate liability for the payment of benefits, and provided indemnities to Manulife in respect of any claims related to the Plan Documents. In light of the Applicants' insolvency and the wind-up of the Applicant's business, the continuation of these benefits plans is not possible.
67. The Term Sheet contemplates the termination of the LTD component of the ASO Plan Document and the Woodwards Plan Document. In lieu thereof, the Extended LTD Recipients are receiving the payments described further below, while the Woodwards LTD Recipient will continue to receive a substantially similar LTD benefit through an insurance policy purchase from Manulife.
68. Without the arrangements provided for in the Term Sheet, it was contemplated that the LTD benefits would have been terminated as of June 15, 2025, and lengthy litigation would have been required to determine entitlement to the Trust funds, the Company Reserve Fund and to address the claims of the Woodwards LTD Recipient.

## THE TRUST PROGRAM

69. The assets in the Trust are insufficient to fully insure or otherwise provide complete replacement of the LTD benefits that the Extended LTD Recipients would have received had the Applicants' business not been wound up.

70. Furthermore, the assets of the Trust would have been insufficient in this respect even if the Applicants were not reimbursed for any expenses incurred on behalf of the Trust.

71. In addition to the Post-Filing LTD Payments, the Trust Program contemplates three forms of payment to the Extended LTD Recipients from the Trust (together, the **“LTD Settlement Payments”**):

- (a) **Interim LTD Payments:** to preserve the income security of the Extended LTD Recipients while the Tax Comfort is obtained, and while the LTD Termination Payments are calculated and processed, the Term Sheet provides for Interim LTD Payments, as described above.
- (b) **An LTD Termination Payment:** a lump-sum payment reflecting the sum of all Pre-Determined Monthly Payments each individual would have received the period beginning February 16, 2026 and ending May 15, 2028, or such other period as may be determined by ERC having regard to the actual funds available after all adjustments under Sections A.4(iv) Wind Up Reserve Adjustment and A.4(v)(A) Residual Trust Assets of the Term Sheet have been taken into account, or age 65, whichever is earlier, but for the Applicants’ insolvency, less applicable statutory deductions (the **“LTD Termination Payment”**). Each individual’s LTD Termination Payment shall be reduced by any Interim LTD Payments made to the individual.
- (c) **A Residual Trust Program Payment:** to the extent there are funds allocated to the Trust Program that could not be distributed as an LTD

Termination Payment (the “**Residual Trust Program Payment**”), the Company is authorized and directed to (and/or may direct an agent to), subject to receipt of applicable instructions from the ERC, pay each Extended LTD Recipient from such Residual Trust Program Payment via cheque and/or direct deposit a final lump-sum payment (net of applicable costs and expenses of the Company and all applicable statutory deductions, as determined by the Company), allocated pari passu amongst the Extended LTD Recipients (the “**LTD Residual Payment**”).

72. As the Trust itself has no ability to process the payments and ensure appropriate statutory withholding, the LTD Settlement Payments will be made by the Company, and the Company is authorized to retain any advisors and/or agents reasonably necessary to carrying out those payments, the cost of which shall be paid out of the Trust Program.
73. The Trust Program represents a compromise with respect to competing claims by the Applicants, and relatedly the Secured Lenders, and the Extended LTD Recipients on the assets of the Trust. The Trust Program is the culmination of significant negotiations between the ERC, the Secured Lenders, and the Applicants, in consultation with the Monitor, and considerable engagement between ERC, the Applicants, the trustees, the Secured Lenders and Manulife with respect to the structure of potential programs for the benefit of the Extended LTD Recipients.

## THE WOODWARDS REPLACEMENT POLICY

74. As noted above, the Woodwards LTD Recipient is a former employee of a legacy employer, who was quite young at the date of their disability and is considered permanently disabled. The Woodwards LTD Recipient was never actively employed by Zellers or the Company, does not fall within the definition of Participating Member under the Trust Agreement, did not receive benefits under either the HBC Plan or the ASO Plan Document, and is not a beneficiary of the Trust.
75. The Woodwards LTD Recipient received LTD benefits on an ASO basis pursuant to the Woodwards Plan Document.
76. In order to provide income security for the Woodwards LTD Recipient, and in light of the fact that this individual is not a beneficiary of the Trust and cannot therefore be included in arrangements related to the Trust, and in recognition of the assets available to the Company in the Company Reserve Fund, the Term Sheet contemplates that a replacement policy be purchased with Manulife to provide continued LTD benefits to the Woodwards LTD Recipient, at the cost of approximately \$57,000.
77. The Woodwards Replacement Policy would provide continued LTD benefits to the Woodwards LTD Recipient in accordance with a replacement policy containing terms substantially similar to the Woodwards Plan Document, under which the Woodwards LTD Recipient would cease to be eligible for benefits upon the earlier of: recovery from disability; age 65 (which will occur in July 2030); or death.

78. Through discussion with Manulife, ERC formed the view that for several reasons purchasing the Woodwards Replacement Policy is the most economical manner in which continued income security can be arranged for the Woodwards LTD Recipient. Although the Woodwards LTD Recipient may receive a longer extension of LTD benefits than the Extended LTD Recipients, organizing an alternative arrangement would involve fees that exceed the cost savings to be obtained by reducing the benefit period consistent with that contemplated for the Extended LTD Recipients.
79. The Woodwards Replacement Policy represents a settlement of potential claims of the Woodwards LTD Recipient in a manner that is proportionate to the issues.

## **THE EMPLOYEE HARDSHIP PROGRAM**

80. The proposed Employee Hardship Program would be a limited fund of **\$250,000** to provide certain payments to alleviate exceptional hardship to employees, former employees and retirees of the Applicants, and their eligible dependents, as described in the Term Sheet (“**Hardship Applicants**”). Provided the Minimum Reimbursement is made from the Trust assets, the Employee Hardship Program would be funded from the Company’s cash-on-hand and represents foregone payments owing to the Secured Lenders. Any unused portion of the Employee Hardship Program would revert to the estate.
81. In accordance with the Term Sheet, the funding of the Employee Hardship Program is contingent on the Minimum Reimbursement Amount being received by the Monitor on behalf of the Company. It is therefore not contemplated that the

Employee Hardship Program will be funded and available until after the Tax Comfort is received and the Wind-Up Reserve determined. If, following receipt of the Tax Comfort by the trustees, Trust assets are insufficient to make the Minimum Reimbursement, then funding will not be provided for the Employee Hardship Fund at that time. However, if sufficient residual assets are refunded from the Wind-Up Reserve to make the Minimum Reimbursement, the Employee Hardship Program will be funded at that time.

82. Payments from the Employee Hardship Program are intended to alleviate particular hardships faced by Hardship Applicants.
83. The proposed Employee Hardship Program would permit eligible individuals to apply for a payment of up to eight (8) weeks' of the applicant's regular wages (as determined by applicable employment standards legislation) up to a maximum weekly amount of \$1,200 per week, payable a lump sum, and an additional discretionary amount up to \$2,500 in the case of medical or other emergency, in each case subject to applicable deductions.
84. The proposed administrator of the Employee Hardship Program would be the Monitor.
85. Notice of the eligibility criteria and the application process for the Employee Hardship Program shall be posted on the Monitor's website and the website of ERC, in the form attached as Appendix "B" to the Term Sheet, subject to such minor modifications as agreed to by ERC and the Monitor.

86. Once established, eligible individuals would apply for benefits from the Employee Hardship Program by delivering a completed application form to the Monitor within six (6) months of the establishment of the Employee Hardship Program.
87. In our experience as ERC, employee hardship programs such as the one contemplated by the Term Sheet are of significant importance to employees, former employees and retirees facing extraordinary hardships as a result of the loss of employment and benefits.
88. However, in our experience, these programs are used relatively sparingly by a small constituency. For example, the employee hardship program approved by the Court in the Sears Canada insolvency (in which approximately 15,000 employees were terminated), did not use up the entirety of available funds. As reported by the Monitor in the Sears Canada CCAA proceedings, the hardship fund in that case resulted in 104 applications and total payments of approximately \$176,000 during the approximate 3-year period between the granting of the Hardship Fund Order in August 2017 and the date of the 40<sup>th</sup> Report in September 2020.<sup>1</sup>
89. Employees benefiting from such funds are facing acute financial circumstances, such as costs of expensive medications previously covered through extended health benefits, imminent loss of housing, loss of transportation, and other significant financial impediments that may affect their ability to find alternative work, or to support themselves.

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<sup>1</sup> Fortieth Report of the Monitor, FTI Consulting, September 24, 2020, online: <https://cfcanada.fticonsulting.com/searscanada/reports.htm> at para. 32.

90. ERC has received hundreds of phone calls and emails, from across the country, from terminated employees and retirees expressing extreme stress about their newly precarious financial circumstances. In particular, some individuals expressed concern about paying the rent or mortgage and staying in their homes and for paying for vital medical treatments and paramedical services upon the termination of their benefits.
91. ERC is advised by the Employee Committee established pursuant to the ERC Order that many former employees, particularly long-service employees, have been unable to find alternative employment.
92. Based on our experience, ERC believes that the hardships facing former employees and retirees are likely to continue into 2026, and may increase as former employees who have failed to secure alternative employment exhaust entitlements to Employment Insurance, and will begin exhausting payments received pursuant to WEPPA on payment of daily living expenses.
93. In our opinion, it would be of significant benefit to provide an avenue to consider hardship claims and to be able to provide relief based on individual circumstances.

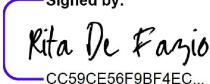
#### **SEALING OF PERSONAL INFORMATION**

94. In connection with the approval of the Term Sheet, ERC is seeking a sealing order in respect of confidential personal information contained in: (a) Schedule "A" to the Term Sheet, which identifies the Extended LTD Recipients, their Pre-Determined Monthly Amounts and their Maximum Benefit (Age 65) dates; and (b) para. B.1 of

the Term Sheet which identifies the Woodwards LTD Recipient (the “**Personal Information**”).

95. The Personal Information discloses both personal financial information as well as personal health information of the Extended LTD Recipients and the Woodwards LTD Recipient, who would have expected that their names, their receipt of LTD benefits, and financial information related to their receipt of LTD benefits would be kept confidential, and who have not consented to the public disclosure of the Personal Information.
96. I am advised by Stikeman and do believe that the current trustees have expressed reservations in respect of their personal information being made public. The Trustees have been helpful to the process and are required to fulfil the Term Sheet and the ultimate wind up of the Trust, and as such ERC and the Applicants seek an order permitting the redaction of the names of the Trustees, to protect their privacy.
97. I affirm this affidavit in support of ERC’s motion for the approval of the programs proposed in the Term Sheet and for no other or improper purpose.

AFFIRMED remotely by Rita De Fazio stated as being located in the City of Toronto before me at the City of Toronto on February 4, 2026 in accordance with O. Reg 431/20, Administering Oath or Declaration Remotely.

Signed by:  
  
CC59CE56F9BF4EC...

Rita De Fazio

DocuSigned by:  
  
F4CC71A6B7C6D4AA

A Commissioner for taking Affidavits (or as may be)

# EXHIBIT A

This is **Exhibit “A”** referred to in the  
affidavit of **Rita De Fazio**  
affirmed remotely before me this 4<sup>th</sup> day of February 2026.

DocuSigned by:  
  
5ACC7A6B7C9D4AA...  
A Commissioner for taking Affidavit

**EMPLOYEE REPRESENTATIVE COUNSEL**  
**HARDSHIP PROGRAMS TERM SHEET**

**This Agreement, made and entered into this 3.00 day of <sup>February</sup> 2026.**

**WHEREAS** on March 7, 2025 (the “**Filing Date**”), 1242939 B.C. Unlimited Liability Company (formerly, the Hudson’s Bay Company ULC; the “**Company**”) and certain of its subsidiaries (collectively, the “**Applicants**”) commenced proceedings (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act* (Canada) before the Ontario Superior Court of Justice (Commercial List) (the “**Court**”);

**WHEREAS** on May 5, 2025, Ursel Phillips Fellows Hopkinson LLP was appointed as employee representative counsel (“**ERC**”) in the CCAA Proceedings pursuant to the Employee Representative Counsel Order issued by the Court;

**WHEREAS**, to alleviate the hardships to current and former employees of the Applicants, the Applicants and ERC (together, the “**Parties**”) agree, in consultation with (i) the Applicants’ health and benefits provider The Manufacturers Life Insurance Company (“**Manulife**”), (ii) Alvarez & Marsal Canada Inc. in its capacity as Court-appointed monitor of the Applicants (the “**Monitor**”), and (iii) the Applicant’s Secured Lenders<sup>1</sup>,) to create the following programs (the “**Hardship Programs**”), all as further described below:

- a. The Trust Program;
- b. The Woodwards Replacement Policy; and
- c. The Employee Hardship Program.

**WHEREAS** there are three sources of funding for the Hardship Programs:

- a. The Zeller’s Inc. Health and Welfare Trust (the “**Trust**”) which as of January 15, 2026 held assets having a market value of approximately **\$9,900,000**, through investments made with the Bank of Nova Scotia and its affiliates (collectively, “**ScotiaWealth**”)<sup>2</sup>;
- b. A reserve fund (the “**Company Reserve Fund**”) of approximately **\$1,639,000**, as held by Manulife in respect of amounts funded by the Company pursuant to a Financial Arrangements Document between the Company and Manulife, effective October 1, 2024; and
- c. The Applicants’ cash on hand in the maximum amount of \$250,000.

**WHEREAS** from and after the Filing Date the Company has, with consent of the Secured Lenders, continued to make payments to Extended LTD Recipients under the ASO Plan Documents (as such terms are defined below) totaling **\$1,050,000** as up to February 15, 2026 for and on behalf of the Trust (the “**Post-Filing LTD Payments**”);

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<sup>1</sup>The term “**Secured Lenders**” as used in this Term Sheet is as used in the Monitor’s First Report dated March 16, 2025 and for the purpose of this Term Sheet consist of Restore Capital, LLC (the “**FILO Agent**”), Pathlight Capital LP, and 2171948 Ontario Inc.

<sup>2</sup>All references to currency are in CAD unless otherwise stated.

**WHEREAS** the Parties agree that the Trust shall reimburse the Company for the amount of the Post-Filing LTD Payments made to date prior to any distributions contemplated by the Distribution Waterfall (as defined below) on the terms and conditions set out in this Term Sheet;

**NOW THEREFORE**, the Parties agree as follows:

### **A. The Trust Program**

1. Purpose of the Trust Program      The purpose of this trust program (the “**Trust Program**”) is to provide for:
  - (i) the limited payments as described in Section A.5 below to former employees of the Applicants (the “**Extended LTD Recipients**”) who were:
    - (a) participants of the Hudson’s Bay Company ULC Employee Life and Health Plan;
    - (b) receiving long-term disability (“**LTD**”) payments as of the Filing Date of March 7, 2025 (the “**ASO LTD Recipients**”), under an administrative services only arrangement with Manulife, pursuant to the plan document for the Hudson’s Bay Company ULC Employee Life and Health Plan adopted by the trustees of the Trust effective December 28, 2021 (the “**Trust Plan**”) and plan document issued by Manulife under contract number 83432, effective October 1, 2011 (the “**ASO Plan Document**”); and
    - (c) eligible to continue to receive LTD payments as at **February 15, 2026** in accordance with the ASO Plan Document; and
  - (ii) the orderly windup of the Trust, including payment of reimbursements to the Monitor on behalf of the Company and the distribution of assets in accordance with the Distribution Waterfall (defined below).
2. Trustees      As of the date of this Term Sheet the trustees of the Trust are █ (the “**Trustees**”).  
 The Trustees, with such assistance from the Applicants that the Trustees might reasonably require, shall implement this Term Sheet and, following the distribution of Trust assets in accordance with the Distribution Waterfall, proceed to wind up the Trust.
3. Tax Matters & Wind Up of Trust      No assets shall be distributed from the Trust, other than in respect of the Interim LTD Payments (as hereinafter defined), until the Trustees are reasonably satisfied that the Trustees shall have no personal liability in connection with the tax obligations of the Trust as of the

effective date of the wind up of the Trust, (which may include a tax clearance certificate, other form of written confirmation, or an order of the Court) in accordance with the terms of this Term Sheet (the “**Tax Comfort**”). The Company and/or the Trustees shall take all reasonable steps to diligently pursue the Tax Comfort.

A wind up reserve shall be retained in the Trust in an amount equal to (i) all current and future tax obligations in respect of the Trust, consistent with the Tax Comfort, plus (ii) \$150,000, in respect of administrative or other fees or expenses reasonably incurred or expected to be incurred by the Trust to wind up the Trust (together, the “**Wind-up Reserve**”).

4. Funding of the Trust Program & Distribution Waterfall

As further described herein, the Trust assets currently invested with ScotiaWealth shall be monetized and, subject to Court approval, the resulting cash proceeds shall be distributed in the following order of priority (the “**Distribution Waterfall**”):

**(i) Wind-Up Reserve**

First, an amount sufficient to establish the Wind-Up Reserve shall be retained in the Trust.

**(ii) Available Amount**

Second, following the establishment of the Wind-Up Reserve, the Trustees shall make the remaining aggregate amount of Trust assets available for distribution (the “**Available Amount**”) for the following purposes:

- (a) Establishment of the Trust Program for distribution to Extended LTD Recipients in the manner described in Section A.5 in lieu of LTD benefits that would otherwise have been payable under the Trust Plan and the ASO Plan Document.
- (b) Payment to the Monitor, on behalf of the Company, funds as reimbursement of (a) expenses incurred by the Company prior to July 15, 2025, in respect of LTD payments made to ASO LTD Recipients; and (b) administrative or other fees, expenses, benefits or other amounts reasonably incurred, paid or provided by the Company on behalf of the Trust pursuant to the Trust Plan and the ASO Plan Document (collectively, the “**Reimbursement**”).

**(iii) Target Amounts**

Third, the Parties acknowledge that the intended target distributions from the Available Amount are:

- (a) payment to the Company, for application toward the Trust Program, of an amount of up to **\$3,950,000** (the “**Maximum Trust Program Payment**”); and
- (b) payment to the Monitor, on behalf of the Company, as part of the Reimbursement, of **\$4,100,000** (the “**Minimum Reimbursement Amount**”),  
(together, the “**Target Amounts**”).

**(iv) Shortfall and Pain-Sharing Mechanism**

- (a) No Shortfall: If the Available Amount is sufficient to pay the Target Amounts in full, then:
  - (1) the Maximum Trust Program Payment shall be paid in full; and
  - (2) the Minimum Reimbursement Amount shall be paid in full and any balance of the Available Amount shall form part of the Reimbursement.
- (b) Shortfall: If the Available Amount is insufficient to pay the Target Amounts in full, the amount by which the Available Amount is less than the Target Amounts shall constitute the “**Shortfall Amount**.” In such event:
  - (1) The payment made to the Trust Program shall be the Maximum Trust Program Payment reduced by 50% of the Shortfall Amount; and
  - (2) The payment made in respect of the Reimbursement shall be the Minimum Reimbursement Amount reduced by 50% of the Shortfall Amount.

For greater certainty, any Shortfall Amount shall be borne equally by the Trust Program and the Reimbursement, and neither shall be paid in priority to the other in respect of such Shortfall Amount.

**(v) Residual Trust Assets and Top-up Mechanics**

Fifth, any Trust assets remaining in the Wind-up Reserve following the satisfactory resolution of all tax matters relating to the Trust and the completion of the wind up thereof in the manner contemplated by this Term Sheet, (the “**Residual Trust Assets**”) shall be distributed as follows:

(a) 50/50 Top-up: Until such time as the aggregate amount applied toward the Trust Program equals the Maximum Trust Program Payment, the Residual Trust Assets shall be applied:

- (1) 50% towards the Maximum Trust Program Payment; and
- (2) 50% towards the Reimbursement.

(b) Thereafter, once the Maximum Trust Program Payment has been made, any remaining Residual Trust Assets shall form part of the Reimbursement.

5. LTD Termination Payments

(i) **Interim Payment:** Notwithstanding any other provision of this Term Sheet, the Trustees, from the assets in the Trust, are authorized and directed to:

- (a) immediately following approval of this Term Sheet by the Court, reimburse the Monitor on behalf of the Company for the Post-Filing LTD Payments totaling **\$1,050,000 up to February 15, 2026** (the “Post-Filing LTD Reimbursement”), and
- (b) continue monthly LTD benefit payments (net of all applicable statutory deductions, as determined by the Company) or provide funding to the Company to enable the Company (and/or an agent at the direction of the Company, the cost of which shall be borne by the Trust Program) to continue monthly LTD payments on behalf of the Trust to each Extended LTD Recipient in the amount that each Extended LTD Recipient would have received pursuant to the Trust Plan and ASO Plan Document but for the Applicants’ insolvency until the earlier of (1) such time as the LTD Termination Payments (as hereinafter defined) are finalized and processed, (2) the Extended LTD Recipient’s attainment of age 65, and (3) the Extended LTD Recipient’s death (“**Interim LTD Payments**”).
- (c) For greater clarity, (1) it is acknowledged that the reimbursement under Section A.5(i)(A) is in complete fulfillment of any and all commitments made by the ERC in respect of the Post-Filing LTD Payments, and that no further such commitments will remain outstanding once the Post-Filing LTD Reimbursement is made, (2) no Interim LTD Payments prior to December 31, 2026 shall be made by the Company unless adequate funding in respect thereof has been received in advance from the Trust, (3) any Interim LTD Payments made after February 15, 2026 shall reduce the quantum of the Maximum Trust Program Payment on a dollar-for-dollar basis, and (4) each Extended LTD Recipient and the gross amount (before applicable statutory deductions) of the

regular monthly LTD benefits payable to each such Extended LTD Recipient pursuant to the Trust Plan and ASO Plan Document as of the date hereof is set out in Confidential Schedule "A" hereto (the "**Pre-Determined Monthly Payment**").

**(ii) Termination Payment:** Subject to any reductions necessary as a result of an Interim LTD Payment, the Company is authorized and directed to (and/or may direct an agent to) pay each Extended LTD Recipient from the Maximum Trust Program Payment via cheque and/or direct deposit a LTD termination payment reflecting the sum of all Pre-Determined Monthly Payments each individual would have received for the period beginning **February 16, 2026 and ending May 15, 2028** or such other period as may be determined by ERC having regard to the actual funds available after all adjustments under Sections A.4(iv) Wind Up Reserve Adjustment and A.4(v)(A) Residual Trust Assets have been taken into account, or age 65, whichever is earlier, but for the Applicants' insolvency, reduced in respect of applicable statutory deductions (the "**LTD Termination Payment**"). For greater clarity, each individual's LTD Termination Payment shall be reduced by any Interim LTD Payments made to the individual.

**(iii) Residual Payments:** To the extent there are funds allocated to the Trust Program that could not be distributed as a LTD Termination Payment (the "**Residual Trust Program Payment**"), the Company is authorized and directed to (and/or may direct an agent to), subject to receipt of applicable instructions from the ERC, pay each Extended LTD Recipient from such Residual Trust Program Payment via cheque and/or direct deposit a final lump-sum payment (net of applicable costs and expenses of the Company and all applicable statutory deductions, as determined by the Company), allocated pari passu amongst the Extended LTD Recipients (the "**LTD Residual Payment**", together with the Interim LTD Payment and LTD Termination Payment, the "**LTD Settlement Payments**").

For clarity, the Company is authorized to (and/or may direct an agent, the cost of which shall be borne by Trust Program) pay the LTD Termination Payment and LTD Residual Payment together in one (1) cheque or direct deposit, if instructed to do so by the ERC.

The LTD Settlement Payments are in settlement of any and all entitlement to future benefits of the Extended LTD Recipients under the Trust Plan, ASO Plan Document and/or any claim with respect to LTD benefits as against Manulife, the Applicants or the Trustees. For greater clarity, the aggregate LTD Termination Payments shall not exceed the Maximum Trust Program Payment.

Immediately following approval of this Term Sheet by the Court, the Trust Plan and the LTD component of the ASO Plan Document shall

be terminated and the Extended LTD Recipients shall have no further entitlement thereunder.

The Company shall be authorized to retain any advisors and/or agents reasonably necessary to make the LTD Settlement Payments and the cost of such advisors and/or agents shall be paid out of the Maximum Trust Program Payment. For greater clarity, Manulife and ScotiaWealth shall cooperate with the Company as reasonably necessary in carrying out each of the LTD Settlement Payments and the delivery of all related notices (including, *inter alia*, disclosing to the Company the mailing address, email address and payment deposit details for all Extended LTD Recipients who were receiving LTD payments from Manulife as of **February 15, 2026**).

6. Notice	Notice of the use of the assets of the Trust for purposes of the Trust Program and eligibility for each of the LTD Settlement Payments shall be posted on the Monitor's website and the website of ERC, and shall be communicated by the Company to the proposed Extended LTD Recipients by mail or email, with the form of delivery of such notice to be in the discretion of the Monitor.
7. Tax Reporting	<p>The Company, on behalf of the Trust, shall be responsible for overseeing the application of applicable source deductions, remittances and tax reporting requirements related to each of the LTD Settlement Payments.</p> <p>The Company, on behalf of the Trust, shall provide a statement and reconciliation to the Monitor and ERC confirming payments effected under the Trust Program.</p>

## **B. Woodwards Replacement Policy**

1. Purpose of the Woodwards Replacement Policy	The purpose of the Woodwards Replacement Policy (as herein defined) is to provide continuation of LTD payments to [REDACTED] [REDACTED] (the " <b>Woodwards LTD Recipient</b> "), the former employee of Woodward Stores Limited receiving LTD payments pursuant to the plan document issued to the Company by Manulife under contract number 83002 (the " <b>Woodwards LTD Policy</b> "). For absolute certainty, the Woodwards LTD Recipient is not, and was not ever, eligible to receive LTD payments under the ASO Plan Document or the Trust Plan, and is therefore ineligible for the Trust Program.
2. Source and Use of Funds for the Woodwards Replacement Policy	<p>Manulife shall return the Company Reserve Fund to the Monitor on behalf of the Company, without set-off or deduction.</p> <p>The Applicants shall, thereafter, pay Manulife the amount of approximately \$57,000 to purchase a contract of insurance necessary to satisfy all obligations to the Woodwards LTD Recipient under the Woodwards LTD Policy, irrespective of whether any</p>

specified conditions occur (the “**Woodwards Replacement Policy**”). The form of the Woodwards Replacement Policy shall be in a form reasonably acceptable to the ERC.

Manulife shall be authorized and directed to establish the Woodwards Replacement Policy upon receipt of the funds.

The Woodwards LTD Policy shall be terminated and the Woodwards LTD Recipient shall have no further entitlement thereunder. The Woodwards LTD Replacement Policy is in settlement of any and all of the Woodwards LTD Recipient’s entitlement to future benefits under the Woodwards LTD Policy and/or any claim with respect to LTD benefits as against the Applicants or the Monitor.

3. Notice	Notice of the Woodwards Replacement Policy shall be communicated by Manulife to the Woodwards LTD Recipient by mail and/or email in a form to be agreed by Manulife and ERC.
4. Tax Reporting	Manulife shall be responsible for any source deductions, tax remittances and tax reporting requirements related to the Woodwards LTD Policy and Woodwards Replacement Policy.

### **C. Employee Hardship Program**

1. Purpose of the Employee Hardship Program	The purpose of the program is to provide certain payments to alleviate exceptional hardship to the eligible individuals described in Section C.4 pursuant to the terms and conditions as set out in this Term Sheet (the “ <b>Employee Hardship Program</b> ”).
2. Source and Use of Funds for the Employee Hardship Program	In the event that the total Reimbursement is no less than the Minimum Reimbursement, the Company shall provide \$250,000 to the Monitor from its general revenue (representing foregone payments owing to the Secured Lenders) to establish the Employee Hardship Program. The Employee Hardship Program funding shall not exceed \$250,000.  For greater certainty, the Company shall not allocate funds to the Employee Hardship Program in any amount until the Minimum Reimbursement has been paid to the Monitor on behalf of the Company, and the Monitor shall not allocate to the Employee Hardship Program any amounts the Monitor may be holding on behalf of the Company from the Reimbursement, the Post-Filing LTD Reimbursement or the Company Reserve Fund.
3. Structure of the Employee Hardship Program	The administrator of the Employee Hardship Program shall be the Monitor.  The application period shall be from the date of the funding of the Employee Hardship Program and shall run for six (6) months thereafter or until such earlier date as funds no longer exist in the

Employee Hardship Program (“the **Application Period**”). The relevant dates for the Application Period will be posted on the websites of the Monitor and ERC once the date of the funding of the Employee Hardship Program is known. If the Application Period ends before the date that is six (6) months after the Employee Hardship Program is funded, the websites of the Monitor and ERC will be updated to reflect the Application Period end date.

#### 4. Eligibility Criteria

(i) An employee of the Applicants terminated after the date of this Term Sheet, (ii) a former employee of the Applicants whose employment or salary continuance was terminated on or after March 7, 2025, (iii) a retiree who previously received benefits under the group benefits contracts issued by Manulife under policy numbers 30555, 30821, 31948, 80149, 83001, 83002 or 83432, or (iv) the spouse or dependant of any such employee, former employee or retiree, whose entitlement to receive a payment from the Applicants has been stayed or suspended pursuant to the CCAA Proceedings may be eligible to receive hardship payments from the Employee Hardship Program (the “**Employee Hardship Payments**”) if:

- a. they are resident in Canada;
- b. they demonstrate urgent or immediate hardship in dealing with their financial obligations; and
- c. funds are not available to such eligible individual from any alternative sources to satisfy the obligations for which the Employee Hardship Program has been established.

Examples of such hardship include but are not limited to: (i) inability to pay rent or mortgage payment, or utilities payments in any single month; (ii) inability to pay for car loan or lease payments where the vehicle is necessary to the earning of livelihood or seeking of replacement employment; and (iii) inability to pay for extraordinary medical or extended health costs for the employee or former employee or their immediate family member or dependent. In all cases, the Monitor or the Hardship Committee, as applicable, shall have the right and discretion subject to the application process in Section C.5, to determine if a payment should be made to a Hardship Applicant (as hereinafter defined) and in what amount.

#### 5. Application Process

An eligible individual (the “**Hardship Applicant**”) shall be required to complete an application form in the form attached as Appendix “A” to this Term Sheet, subject to any modifications approved by the Court (the “**Application Form**”), and posted on the websites of the Monitor and ERC. The Hardship Applicant shall be required to submit such Application Form to the Monitor by email to

[HBCemployees@alvarezandmarsal.com](mailto:HBCemployees@alvarezandmarsal.com) during the Application Period.

6. Approval of Applications

The Monitor shall assess submitted Application Forms within 14 calendar days of receipt and make a determination to approve or deny such Application Form. If the Monitor denies the Application Form, the Hardship Applicant may request in writing that the Application Form be reviewed by an informal committee (the "**Hardship Committee**") and the Hardship Applicant will be given the right to be heard by such committee. The Hardship Committee shall be composed of one appointee of the Applicants, one appointee of ERC and one appointee of the Monitor, and shall convene meetings (whether in person, by phone or other means) as necessary, but no more than weekly, to review and determine any Application Forms denied by the Monitor.

All Hardship Committee members must be present (either in person or virtually) for a decision to be rendered and all decisions of the Hardship Committee shall be made by majority vote and shall be final and binding and there shall be no right of appeal, review or recourse to the Court or any person or party from any of the Hardship Committee's decisions.

Subject to the Application Period: (i) Application Forms shall be assessed by the Monitor or the Hardship Committee, as applicable, in chronological order based on the date the Application Form was received by the Monitor; and (ii) subject to funds remaining in the Hardship Program, Employee Hardship Payments shall be made in chronological order based on the date the Application Form was approved by the Monitor or the Hardship Committee, as applicable.

If an Application Form is approved by the Monitor or the Hardship Committee, as applicable, subject to the payment parameters set out below and in Section C.7, the Monitor will transfer an amount equal to the Employee Hardship Payment to the Company within four (4) business days after approval, and the Company will (and/or may direct an agent to, the cost of which shall be borne by the Employee Hardship Program) thereafter pay the Employee Hardship Payment to the successful Hardship Applicant as soon as administratively practicable, but no later than thirty days following the date of receipt from the Monitor. Payment of the Employee Hardship Payment by the Company to the successful Hardship Fund Applicant shall be subject to receipt of banking and/or other information as necessary for the Company to process and administer such payment.

7. Benefits Payable

Any successful Hardship Applicant may be approved for a maximum payment of up to eight (8) weeks' of the Hardship Applicant's regular wages (as determined by applicable employment standards legislation) up to a maximum gross weekly amount of \$1,200 per week, payable in a single lump sum installment. The Monitor or the

Hardship Committee, as applicable, shall have the discretion to approve additional amounts in cases of medical and other emergencies in a gross amount up to \$2,500.

In determining the amount to be paid, the Monitor or, if applicable, the Hardship Committee, shall consider the amount payable to the Hardship Applicant for termination and severance pay, pay in lieu of notice, pay in lieu of benefits, or such other amounts owing to the Hardship Applicant from the Applicants which has been stayed or suspended under the CCAA Proceedings (the “**Stayed Amount Owing**”). Payment to a Hardship Applicant shall only exceed the Stayed Amount Owing in exceptional circumstances.

8. Benefits Not Earnings	Payments from the Employee Hardship Program are not earnings arising from the employment of Hardship Applicants but are intended to alleviate particular hardships faced by those Hardship Applicants. Notwithstanding the foregoing, the Company shall be responsible for, and entitlement to make, any source deductions and statutory withholdings, tax remittances and tax reporting that it determines are required in relation to the Employee Hardship Payments.
9. Notice	Notice of the eligibility criteria and the application process for the Employee Hardship Program shall be posted on the Monitor’s website and the website of ERC, in the form attached as Appendix “B” to this Term Sheet, subject to any modifications approved by the Court.
10. Residue	Any amounts remaining in the Employee Hardship Program at the end of the Application Period, after all Application Forms have been assessed by the Monitor and the Hardship Committee, as applicable, and after all Hardship Payments have been made, shall be retained by the Monitor on behalf of the Applicants to be held pending distributions to the FILO Agent or pursuant to further order of the Court.
11. Reporting to Court	The Monitor shall report to the Court with respect to the processing and administration of the Employee Hardship Program within such reasonable time as it in its sole discretion deems appropriate.

#### **D. General Terms**

1. Court Approval	ERC shall seek Court approval of this Term Sheet, within the CCAA Proceedings, in a form of Order agreeable to the Applicants, the Trustees, ERC, the Secured Lenders and the Monitor (the “ <b>Order</b> ”).  The form of Order shall include the following terms:
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- a) approving this Term Sheet, including the uses of the assets of the Trust, the Company Reserve Fund for the purposes provided for herein;
- b) providing authorization and direction of the Court to the Trustees, ScotiaWealth, the Applicants, the Monitor, the Hardship Committee and Manulife in respect of carrying out the terms of this Term Sheet;
- c) authorizing the Trustees and Applicants to execute all necessary resolutions and enter into all necessary agreements to terminate the Trust, the Trust Plan, the LTD component of the ASO Plan Document and the Woodwards LTD Policy as well as any necessary documentation in relation thereto, and to give effect to the Term Sheet;
- d) releasing the Trustees and all former trustees of the Trust from any liability with respect to the administration of the Trust, and with respect to carrying out the Term Sheet and the Court Order;
- e) releasing ScotiaWealth and Manulife from any liability with respect to the Applicants, Trustees, ASO LTD Recipients and the Woodwards LTD Recipient, beyond the payments of the LTD Termination Payments, the Interim LTD Payments, and purchase of the Woodwards Replacement Policy, in each case as further contemplated herein;
- f) authorizing and directing the Trustees, ScotiaWealth and Manulife to make payment of the Reimbursement, the Post-Filing LTD Reimbursement and the Company Reserve Fund to the Monitor on behalf of the Applicants, to be held pending distribution to the FILO Agent or pursuant to further order of the Court;
- g) authorizing and directing the Applicants to direct the Monitor to allocate approximately \$57,000 from the Company Reserve Fund to purchase the Woodwards Replacement Policy;
- h) authorizing and directing the Applicants to allocate \$250,000 from cash on hand to establish the Employee Hardship Program if the relevant conditions under the Term Sheet are met;
- i) providing that the Monitor shall have no liability from discharging its obligations under this Term Sheet or the Order, or such duties and obligations ancillary thereto, other than as a result of gross negligence or wilful misconduct.

- j) providing that any interested party may apply to the Court for advice and direction regarding this Term Sheet;
- k) releasing the Monitor, the Company and Hardship Committee from any liability with respect to the Employee Hardship Program; and
- l) granting such further and other relief as necessary and appropriate to give effect to the Term Sheet.

**2. Binding**

The Parties irrevocably agree that this Term Sheet is intended to be legally binding and to create immediate, enforceable legal obligations between them. Each Party acknowledges and agrees that it has had the opportunity to obtain independent legal advice prior to execution of this Term Sheet and that it fully understands and accepts the terms set out herein.

The binding nature of this Term Sheet is not subject to the execution of any further agreements or satisfaction of any additional conditions, except as expressly provided herein.

**3. Assurances**

The Parties shall, at their expense, from time to time, do, execute and deliver, or will cause to be done, all such further acts and things as may be reasonably required for the purposes of giving effect to this Term Sheet.

**4. Entire Agreement**

This Term Sheet, including the appendices hereto, constitute the entire agreement between the Parties relating to the subject matter hereof.

**5. Counterparts and Signatures**

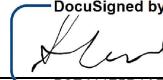
This Term Sheet may be executed in any number of counterparts and delivered by electronic transmission including "pdf email", each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument.

**6. Governing and Jurisdiction****Law**

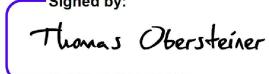
This Term Sheet shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Parties to this Term Sheet irrevocably submit and attorn to the non-exclusive jurisdiction of the Court overseeing the CCAA Proceedings.

**IN WITNESS HEREOF**, the Parties hereby execute this Term Sheet as at the date first above mentioned.

**URSEL PHILLIPS FELLOW HOPKINSON LLP**, as  
Employee Representative Counsel

By: \_\_\_\_\_  
Name:   
Title: Employee Representative Counsel

**1242939 B.C. UNLIMITED LIABILITY COMPANY** on  
behalf of itself and the other Applicants

By: \_\_\_\_\_  
Name:   
Title: Authorized Signatory

**IN WITNESS HEREOF**, the following signatories acknowledge and agree to this Term Sheet as at the date first above mentioned.

**RESTORE CAPITAL, LLC**

By: \_\_\_\_\_  
Name:  
Title:

**ALVAREZ & MARSAL CANADA INC. as Monitor**

By: \_\_\_\_\_  
Name:  
Title:

**IN WITNESS HEREOF**, the Parties hereby execute this Term Sheet as at the date first above mentioned.

**URSEL PHILLIPS FELLOW HOPKINSON LLP**, as  
Employee Representative Counsel

By: \_\_\_\_\_

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

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

**1242939 B.C. UNLIMITED LIABILITY COMPANY** on  
behalf of itself and the other Applicants

By: \_\_\_\_\_

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

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

**IN WITNESS HEREOF**, the following signatories acknowledge and agree to this Term Sheet as at the date first above mentioned.

**RESTORE CAPITAL, LLC**

By: \_\_\_\_\_

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

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



**ALVAREZ & MARSAL CANADA INC. as Monitor**

By: \_\_\_\_\_

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

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

**IN WITNESS HEREOF**, the Parties hereby execute this Term Sheet as at the date first above mentioned.

**URSEL PHILLIPS FELLOW HOPKINSON LLP**, as  
Employee Representative Counsel

By: \_\_\_\_\_

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

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

**1242939 B.C. UNLIMITED LIABILITY COMPANY** on  
behalf of itself and the other Applicants

By: \_\_\_\_\_

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

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

**IN WITNESS HEREOF**, the following signatories acknowledge and agree to this Term Sheet as at the date first above mentioned.

**RESTORE CAPITAL, LLC**

By: \_\_\_\_\_

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

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

**ALVAREZ & MARSAL CANADA INC. as Monitor**

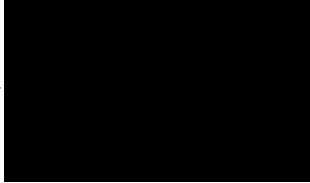


By: \_\_\_\_\_

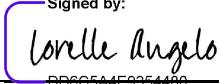
Name: Greg Karpel

Title: Senior Vice-President

**TRUSTEES OF THE TRUST**

By: \_\_\_\_\_  \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**MANUFACTURERS LIFE INSURANCE COMPANY**

Signed by:  
By: \_\_\_\_\_  \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
VP, Plan Sponsor Services

DD065A1E0351400...  
Lorelle Angelo

**Appendix "A"****APPLICATION TO THE EMPLOYEE HARDSHIP PROGRAM****APPLICANT INFORMATION**

1. Name: \_\_\_\_\_
2. Address: \_\_\_\_\_  
\_\_\_\_\_
3. Telephone Number(s): \_\_\_\_\_
4. Email Address: \_\_\_\_\_
5. Social Insurance Number:  
\_\_\_\_\_
6. HBC Employee Number: \_\_\_\_\_

**HUDSON'S BAY COMPANY EMPLOYMENT INFORMATION**

1. Date Employment with HBC Canada Began: \_\_\_\_\_
2. Date Employment with HBC Terminated: \_\_\_\_\_
3. Province or Region employed in: \_\_\_\_\_
4. Store or Head Office: \_\_\_\_\_ Store No.: \_\_\_\_\_
5. Position: \_\_\_\_\_
6. Gross Monthly Income: \$ \_\_\_\_\_
7. If any, amount of severance received: \_\_\_\_\_
8. If eligible, date eligible to receive HBC pension: \_\_\_\_\_

**CURRENT SOURCES OF INCOME**

1. Employment Insurance:
  - a. Amount: \_\_\_\_\_

b. Actual/Expected End Date: \_\_\_\_\_

c. If no EI, or EI terminated, reason(s):

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2. Social Assistance:

a. Type of Social Assistance:

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b. Commencement Date: \_\_\_\_\_

c. Amount: \_\_\_\_\_

d. Actual/Expected End Date: \_\_\_\_\_

e. If social assistance is being terminated, reason(s) why:

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3. Other Sources of Income (including LTD, other employment, workers' compensation, WEPP, etc.,): \_\_\_\_\_

a. Amount: \_\_\_\_\_

b. Actual/Expected End Date: \_\_\_\_\_

4. Provincial Drug Benefit Programs:

a. Have you applied for, or been granted, any provincial drug benefit program? If so, which program?

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b. What are the conditions of your receiving this benefit?

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c. Why does this benefit not cover your needs?

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5. Other Extended Health and Dental Benefits:

a. Do you have access to other extended health and dental benefits through a family member (i.e. a spouse)? \_\_\_\_\_

b. If so, please explain how those benefits do not cover your needs:

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### **PERSONAL CIRCUMSTANCES REQUIRING HARDSHIP PAYMENT**

Medical expenses for self or dependent (including nature of expense, amount, whether can be reimbursed from another source):

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Risk of loss of housing in the next 30 days (please provide details):

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Other reason for immediate or urgent need for funds:

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I certify the contents hereof to be true.

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Witness

Signature

## **Eligibility Requirements and Procedure with Respect to Hardship Payment Application**

**1. Eligibility** - individuals must meet the following criteria to be eligible for the Employee Hardship Program:

- a. The applicant must be:
  - i. an employee of the 1242939 B.C. Unlimited Liability Company (formerly, the Hudson's Bay Company ULC) or certain of its subsidiaries that commenced proceedings (the "**CCAA Proceedings**") under the Companies' Creditors Arrangement Act (Canada) (collectively, the "**CCAA Applicants**") terminated after the date of this Term Sheet;
  - ii. a former employee of the CCAA Applicants whose employment or salary continuance was terminated on or after March 7, 2025;
  - iii. a retiree who previously received benefits under the group benefits contracts issued by Manulife under policy numbers 30555, 30821, 31948, 80149, 83001, 83002 or 83432; or
  - iv. the spouse or dependant of any such employee, former employee or retiree whose entitlement to receive a payment from the CCAA Applicants has been stayed or suspended pursuant to the CCAA Proceedings.
- b. The applicant is resident in Canada;
- c. The applicant demonstrates urgent or immediate hardship in dealing with their financial obligations. Examples of such hardship include but are not limited to: inability to pay rent or mortgage payment, or utilities payments in any single month; inability to pay for car loan or lease payments where the vehicle is necessary to the earning of livelihood or seeking of replacement employment; inability to pay for extraordinary medical or extended health costs for the employee or former employee or their immediate family member or dependent; and
- d. Funds are not available to the applicant from any alternative sources to satisfy the obligations for which the Employee Hardship Program has been established.

**2. Application Process** - An applicant shall be required to complete this Application Form, subject to any modifications approved by the Court, to be submitted to: [HBCEmployees@alvarezandmarsal.com](mailto:HBCEmployees@alvarezandmarsal.com) within the Application Period (described below).

The Monitor shall assess submitted Application Forms within fourteen (14) calendar days of receipt and make a determination to approve or deny each such Application Form.

If the Monitor denies the Application Form, the Hardship Applicant can request in writing that the application be reviewed by an informal committee (the “**Hardship Committee**”) and the applicant will be given the right to be heard by the Hardship Committee. The Hardship Committee shall be composed of one appointee of the Applicants, one appointee of ERC and one appointee of the Monitor, and shall convene meetings (whether in person, by phone or other means) as necessary, but no more than weekly, to review and determine any applications denied by the Monitor.

All Hardship Committee members must be present (either in person or virtually) for a decision to be rendered and all decisions of the Hardship Committee shall be made by majority vote and shall be final and binding and there shall be no right of appeal, review or recourse to the Court or any other person or party from any of the Hardship Committee’s decisions.

Subject to the Application Period: (i) Application Forms shall be assessed by the Monitor or the Hardship Committee, as applicable, in chronological order based on the date the Application Form was received by the Monitor, and (ii) subject to funds remaining in the Hardship Program, Employee Hardship Payments shall be made in chronological order based on the date the Application Form was approved by the Monitor or the Hardship Committee, as applicable.

If an Application Form is approved by the Monitor or the Hardship Committee, as applicable, the Company will make the Employee Hardship Payment as soon as administratively practicable following the date of such approval.

**3. Payment Parameters** - Any successful applicant may be approved for a maximum payment of up to eight (8) weeks’ regular wages (as determined by applicable employment standards legislation) up to a maximum gross weekly amount of \$1,200 per week, a single lump sum installment.

The Monitor or the Hardship Committee, as applicable, shall have the discretion to approve additional amounts in cases of medical and other emergencies in an amount up to \$2,500.

In determining the amount to be paid, the Monitor or, if applicable, the Hardship Committee, shall consider the amount payable to the Hardship Applicant which has been stayed or suspended under the CCAA Proceedings (the “**Stayed Amount Owing**”). Payment to a Hardship Applicant shall only exceed the Stayed Amount Owing in exceptional circumstances.

Successful applicants may be required to provide additional information as necessary for the Company to process and administer approved payments.

**4. Application Period** - **[DATE]**<sup>3</sup> at 5 pm ET is the final deadline for all applications to be submitted, provided funds are available until that date. Potential hardship applicants

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3 Date to be inserted for posting on Monitor’s and ERC’s websites once the Employee Hardship Program is funded.

should apply as early as possible, as funds are not guaranteed to be available until the final deadline. If the funds are exhausted before **[DATE]**, a notice will be posted on the Monitor's website and ERC's website, and no further payments will be made under the Employee Hardship Program.

## **5. Miscellaneous**

- a. Hardship payments made to any former employee shall be deducted from any payments on claims that may be allowed in the ultimate claims process in this proceeding or any related bankruptcy, receivership or insolvency proceeding.
- b. The Monitor shall report to the Court the processing and administration of the Employee Hardship Program within such reasonable time as it, in its sole discretion, deems appropriate.
- c. The aggregate maximum amount available for approved Application Forms shall be \$250,000.

## Appendix "B"

### EMPLOYEE HARDSHIP PROGRAM NOTICE

Important Information about the Employee Hardship Program.

We are pleased to announce that eligible individuals may apply to receive payments under the Employee Hardship Program. Please review this notice and the Employee Hardship Program application form posted on the Monitor's website and the ERC's website for more information.

#### **What is the Employee Hardship Program?**

The Employee Hardship Program is designed to provide payments to eligible individuals of the CCAA Applicants (defined below) to alleviate **exceptional circumstances of hardship**. These circumstances may include but are not limited to: inability to make a rent, mortgage or utilities payment; inability to pay for a car loan or make a car lease payment where the vehicle is necessary for the hardship applicant's job search or for their new employment; or inability to pay for extraordinary medical or extended health costs.

#### **Who is eligible?**

In order to be eligible for the Employee Hardship Program, you must be a Canadian resident and a former or retired employee of the 1242939 B.C. Unlimited Liability Company (formerly, the Hudson's Bay Company ULC) or certain of its subsidiaries, or the spouse/dependant of such a person, in each case whose entitlement to receive a payment from their former employer has been stayed or suspended pursuant to the CCAA Proceedings. You must demonstrate urgent or immediate hardship in dealing with your financial obligations and you must not be able to satisfy those financial obligations with another source of funding.

#### **How much money could I be eligible for?**

Any successful hardship applicant may be approved for a maximum payment of up to eight (8) weeks' of the hardship applicant's regular wages up to a maximum weekly amount of \$1,200 per week, payable in a single lump sum installment. The Hardship Committee will have the discretion to approve additional amounts in cases of medical and other emergencies in an amount up to a maximum of \$2,500.

#### **How do I apply?**

In order to apply, you must fill out the Application for Employee Hardship Payments that is available on the Monitor's website and the ERC's website. In this application, you will be required to explain and document your personal circumstances that cause you to require a hardship payment. You must then submit your completed application form to the Monitor at: [HBCemployees@alvarezandmarsal.com](mailto:HBCemployees@alvarezandmarsal.com) by the deadline set out below.

### **What should I expect once I apply?**

The Monitor will assess your submitted application within fourteen (14) calendar days of receipt and make a determination to approve or deny each such application.

If the Monitor denies your application, you can request in writing that the decision is reviewed by a committee (the “**Hardship Committee**”). All decisions by the Hardship Committee are final and binding. There is no further right of appeal from the Hardship Committee’s decisions.

Subject to the application period described below, application forms shall be assessed by the Monitor or the Hardship Committee, as applicable, in chronological order based on the date the application form was received by the Monitor, and subject to available funds, Employee Hardship Program payments shall be made in chronological order based on the date the application form was approved by the Monitor or the Hardship Committee, as applicable.

If your application is approved by the Monitor or the Hardship Committee, as applicable, the Company will make the hardship payment as soon as administratively practicable following the date of such approval.

**Is there a deadline for applications?** **[DATE]**<sup>4</sup> at 5 pm ET is the final deadline for all applications to be submitted, provided funds are available until that date. We encourage potential hardship applicants to apply as early as they can because funds are not guaranteed to be available until the final deadline. If the funds are exhausted before **[DATE]**, a notice will be posted on the Monitor’s website and ERC’s website, and no further payments will be made under the Employee Hardship Program.

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4 Date to be inserted for posting on Monitor’s and ERC’s websites once the Employee Hardship Program is funded.



## **SCHEDULE “A”**

## Hardship Programs Term Sheet













# EXHIBIT B

This is **Exhibit “B”** referred to in the  
**affidavit of Rita De Fazio**

affirmed remotely before me this 4<sup>th</sup> day of February 2026.

DocuSigned by:  
  
5ACC7A6B7C9D4AA...

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*A Commissioner for taking Affidavit*

ZELLER'S LIMITED  
AND  
TRUSTEES OF THE ZELLER'S LIMITED HEALTH AND WELFARE TRUST FUND

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AGREEMENT AND DECLARATION OF TRUST

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## TABLE OF CONTENTS

This table of contents forms no part of the Agreement and Declaration of Trust but is inserted for convenience of reference only.

Agreement and Declaration of Trust	3
<u>Section</u>	<u>Page</u>
I Definitions	4
II Trustees	5
III Creation, Purpose and Application of the Trust Fund	7
IV Administration of the Trust Fund	9
V Dealings with Trustees	11
VI Prompt Payment of Contributions from Participating Employer	13
VII Limitation of Liability	14
VIII Amendment	15
IX Termination of Right to Participate in the Plan	16
X Transfer of Assets	17
XI Trustees' Power and Authority to Receive Assets of Other Health and Welfare Trust Funds	18
XII Termination of Trust	19
XIII Situs and Construction of Trust	22

THIS AGREEMENT AND DECLARATION OF TRUST made as of the 1st day of June 1980.

BETWEEN:

ZELLER'S LIMITED, a body corporate duly incorporated under the laws of Canada, and having its Registered Office at 5250 Decarie Boulevard, Montreal, Quebec, (hereinafter called "Zeller's"),

OF THE FIRST PART

AND:

TRUSTEES OF THE ZELLER'S LIMITED HEALTH AND WELFARE TRUST FUND, 5250 Decarie Boulevard, Montreal, Quebec, (hereinafter called the "Trustees"),

OF THE SECOND PART

WHEREAS:

- A. Zeller's wishes to provide health and welfare benefits to its employees, and
- B. Zeller's wishes to make available health and welfare benefits to the employees of the other companies in which Zeller's has a direct financial interest, and
- C. For such purpose Zeller's and the Trustees have agreed to enter into this Agreement and Declaration of Trust.

NOW THEREFORE THIS AGREEMENT AND DECLARATION OF TRUST WITNESSETH that in consideration of the premises, and in order to establish, maintain and provide for the maintenance of a trust fund to be known as the "Zeller's Limited Health and Welfare Trust Fund", and a Health and Welfare Plan to be known as the "Zeller's Limited Health and Welfare Plan" for the purposes of providing such health and welfare benefits, the parties hereto convenant and agree with each other, as follows:

SECTION I.DEFINITIONS

- 1.00 Whenever used in this Agreement, words and phrases wherever they appear in this text with the initial letter capitalized, following shall have the meanings as defined in this Section.
- 1.01 "Agreement and Declaration of Trust" shall mean this instrument, including all amendments and modifications hereto.
- 1.02 "Contributions" shall mean any and all sums of money required to be paid by a Participating Employer and Participating Members either into the Trust Fund or directly to a corporation which has entered into an agreement with the Trustees to provide Health and Welfare Benefits to Participating Members. The amount of contributions required to be paid by the Participating Employers and Participating Members shall be the amount necessary to provide benefits hereunder, as determined, from time to time, by the Trustees.
- 1.03 "Employee" shall mean and include any employee of any Participating Employer.
- 1.04 "Fund" or "Trust Fund" shall mean the "Zeller's Limited Health and Welfare Trust Fund".
- 1.05 "Participating Member" shall mean and include any employee who is eligible in accordance with the terms of the Plan and on whose behalf contributions are being made by his Participating Employer.
- 1.06 "Participating Employer" shall mean Zeller's and any subsidiary, affiliate or operating division of Zeller's which elects to participate in the Plan, agrees to make contributions, and is approved for participation by the Trustees.
- 1.07 "Plan" shall mean the "Zeller's Limited Health and Welfare Plan".
- 1.08 "Trustee" shall mean any person designated as a Trustee, pursuant to this Agreement and Declaration of Trust.
- 1.09 "Zeller's" shall mean the management committee of the Corporation.

SECTION II.TRUSTEES

2.00 The Trustees under this Agreement and Declaration of Trust, who shall be the Trustees of the Trust Fund created and established hereunder, shall be five (5) in number, all of whom shall be appointed by Zeller's, and such Trustees shall constitute the Board of Trustees (herein called the "Board").

The following are the first Trustees:

Manager, Compensation and Benefits  
President  
Treasurer  
Vice-President, Human Resources  
Vice-President, Finance

2.01 The Board shall determine the time and place for meetings of the Board, which shall be held at least annually. Either the Chairman or any two members of the Board may call a special meeting of the Board by giving written notice to all other Trustees of the time and place of such meeting at least fourteen (14) days before the date set for such meeting. Any such notice of special meeting shall be sufficient if sent by ordinary mail or by telegram addressed to the Trustee at his address, as shown in the records of the Board. Any meeting at which all Trustees are present, or for which all Trustees have waived notice in writing, shall be a valid meeting without the giving of any notice.

2.02 The Board shall appoint one of their members as Chairman and one as Secretary, provided that if the Chairman and/or the Secretary is/are not present at any meeting of the Board, the Trustees present may select another person in his place or their place and stead for the purposes of such meeting. The Secretary shall keep minutes or records of all meetings, proceedings and acts of the Board.

2.03 To constitute a quorum at any meeting of the Board, there must be present no fewer than three (3) Trustees.

2.04 The Board may establish procedural rules governing, amongst other things, the conduct of meetings, but any such rules shall be subject to the provisions of this Agreement and Declaration of Trust.

2.05 Unless otherwise provided in this Agreement and Declaration of Trust, all decisions of the Board shall be made by majority vote of the Trustees present at the meeting, at which such vote is taken, or by resolution of all Trustees in writing without a meeting. The Chairman presiding at a meeting shall be entitled to vote but shall not have a casting vote.

- 2.06 A Trustee referred to in clause 2.00, upon signing this Agreement and Declaration of Trust, or upon written acceptance filed with the Secretary in the case of any successor Trustee, shall be deemed to accept the trust created and established by this Agreement and Declaration of Trust, and to consent to act as Trustee and to agree to administer the Trust Fund, as provided herein.
- 2.07 Each Trustee shall continue to serve as such until the appointment or designation of a successor Trustee by Zeller's.
- 2.08
  - (a) A Trustee may resign by giving notice to the Secretary of the Board in writing specifying therein the date upon which he desires such resignation to take effect (hereinafter called the "Cessation Date"). Such resignation shall take effect on either the Cessation Date, or the earlier date upon which the successor Trustee shall have filed his written acceptance with the Secretary.
  - (b) Any Trustee may be removed at any time by Zeller's.
  - (c) Any Trustee, upon his resignation becoming effective, or upon his removal, as the case may be, shall thereafter be fully discharged from all future duties, obligations and responsibilities thereunder.
- 2.09 If any Trustee dies, becomes incapable of acting, resigns or is removed from office, a successor shall immediately be appointed by Zeller's.
- 2.10 Any successor Trustee shall, immediately upon his appointment or his acceptance become vested with all the property, rights, powers and duties of a Trustee hereunder.
- 2.11 The Trustees shall be under no obligation to determine the validity of any notice, advice, instructions or information given to them by or on behalf of any Participating Employer, Zeller's, Participating Member, or others in connection with the administration of the Trust Fund and Plan, before accepting, or acting upon such notice, advice, instructions or information.
- 2.12 Notwithstanding that it be subsequently discovered or determined that there existed some defect in the appointment, removal or qualification of any Trustee, all acts and proceedings of the Board, done and carried on in good faith, at any time while any such defect existed, shall be valid and effective.
- 2.13 A Trustee shall not be entitled to be paid or to receive any compensation for the performance of his duties as a Trustee.

SECTION IIICREATION, PURPOSE AND APPLICATION  
OF THE TRUST FUND

3.00 The Trust Fund hereby created shall consist of all monies received by the Trustees as contributions, all contracts (including dividends, interest, refunds or other sums payable to the Trustees on account of such contracts), all investments made and held by the Trustees, all income received from investments, and any other property received and held by the Trustees for any purpose of the trusts set forth herein.

3.01 The Trustees agree to receive the Trust Fund and to hold and administer it for the purpose of providing health and welfare benefits, excluding pension benefits, but including (without restricting the generality of the foregoing) payments for medical and para-medical services, dental services of all kinds, life, disability, sickness and accident, accidental death and dismemberment insurance, premiums for provincial hospital and medicare plans and other benefits under other types of insurance policies or agreements, for Participating Members, their eligible dependents, or beneficiaries, but for no other purpose.

3.02 The Trustees are hereby authorized, and empowered and directed to establish the Plan, which shall not be inconsistent with this Agreement, defining the health and welfare benefits to be provided, which shall be in accordance with the requirements of each Participating Employer, the conditions of eligibility for such benefits, and such other terms as the Trustees shall deem necessary to include. The Trustees, may, at any time, and from time to time, change or modify the benefits provided under the Plan and the eligibility rule or rules, as the case may be, and any such change or modification may take effect retroactively or otherwise, as the Trustees may, in their discretion, decide. The Board shall use the monies available in the Trust Fund to provide such health and welfare benefits for the Plan as the Trustees shall see fit. For the purpose of maintaining the Plan and providing the health and welfare benefits contemplated in this Agreement, the Trustees shall have power in their sole and absolute discretion to enter into such contracts or arrangements and to procure such insurance policies as the Trustees shall consider advisable, and shall further have power to renew, modify or terminate any such contract, arrangement or policy. Any such contract or arrangement may be executed or may in the name of the Trust Fund and any such Policy may be procured and issued in the name of the Trust Fund. Further, the Trustees are hereby empowered and authorized to direct that contributions shall be paid by a Participating Employer or Participating Member directly to any person, firm or corporation for the purpose of such person, firm or corporation providing health and welfare benefits to Participating Members, in accordance with an agreement in writing made by such person, firm or corporation with the Trustees.

3.03 To give proper effect to this Agreement, the Trustees shall have power to use and apply the Trust Fund for the following purposes:

- (a) To pay or provide for the payments of all reasonable and necessary expenses, costs and fees incurred by the Board in connection with the maintenance, operation and administration of the Trust Fund and Plan, including the employment of such actuarial, legal, accounting, administrative and other assistance as the Trustees in their discretion deem necessary or appropriate in the performance of their duties, provided that no part of the Trust Fund shall be used for the compensation of the Trustees;
- (b) To pay or provide for the payment of all real and personal property taxes, income and other taxes, or assessment of any and all kinds levied or assessed under existing or future laws upon or with respect to the Trust Fund, or any money or property forming a part thereof;
- (c) To establish and accumulate such reserve funds as may be adequate to provide for administrative expenses and other obligations of the Trust Fund, including the maintenance and operation of the Plan;
- (d) To invest and re-invest the principal and income of the Trust Fund without distinction between principal and income in such investments as the Trustees may, in their sole and absolute discretion, select from time to time.

3.04 The following limitation shall apply to the rights or interest in or use of the Trust Fund;

- (a) Neither Zeller's nor any Participating Employer, nor any Participating Member, nor any other person, association, or corporation shall have any right, title or interest in or to the Trust Fund, save as by this Agreement expressly provided, and save as by law provided, however, nothing herein contained shall impair or derogate from the rights of the Participating Members and their eligible dependents and beneficiaries to the benefits under the Plan;
- (b) Except as expressly provided in Section XII no part of the assets or income of the Trust Fund shall be used for or diverted to purposes other than for the exclusive benefit of the Participating Members and their eligible dependents, except for necessary administration and other expenses as may be authorized herein;
- (c) No money, property, equity or interest of any nature whatsoever in the Trust Fund or in any benefits or monies payable therefrom shall be subject in any manner by any Participating Member or eligible dependent, or beneficiary or person claiming through any of them to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, garnishment, lien, or charge, and any attempt to cause the same to be subject thereto, shall be null and void.

SECTION IVADMINISTRATION OF THE TRUST FUND

4.00 The Trustees shall have all powers and authority necessary to administer the Trust Fund and Plan and, without limiting the generality of the foregoing, the Trustees are hereby authorized and empowered as follows:

- (a) to make such arrangements and agreements with such corporations, firms or persons as the Trustees may determine to provide Participating Members with such benefits as the Trustees in their sole discretion deem most advantageous to the Participating Members;
- (b) to engage and dismiss, from time to time, such agents, employees, professionals, and others, as the Trustees deem necessary to assist them in their administration of the Trust Fund and Plan and the Trustees may delegate any of their administrative powers or duties to any such person or persons;
- (c) to make and enforce such rules and regulations consistent with the provisions of this Agreement and Declaration of Trust as the Trustees consider advisable for the administration of the Trust Fund and Plan;
- (d) to compute the amount of benefits payable to any Participating Member or beneficiary in accordance with the provisions of the Plan, make determinations which shall be final and binding upon all parties and persons as to the right of any Participating Member or any beneficiary to benefits provided in the Plan, and to decide whether or not any hearing should be granted to any Participating Member, beneficiary or other individual who may be affected by any such determination prior to the making thereof, every which decision shall be final and binding upon all parties and persons;
- (e) to develop and establish procedures to be followed by the Participating Employers in reporting contributions;
- (f) to obtain and evaluate all statistical and actuarial data which may be reasonably required with respect to the administration of the Trust Fund and Plan;
- (g) to register any securities and any other documents evidencing ownership of or title to any properties acquired for the purposes of the Trust Fund in the joint names of the Trustees, or in the name of the Trust Fund, or in the name of a custodian, being a trust company authorized and licensed to do business in such capacity in Canada.
- (h) to deal with any contracts or agreements considered advisable in connection with the administration of the Trust Fund and the Plan, and do all other acts considered necessary or advisable for the protection of the Trust Fund and Plan;

- (i) to retain monies and other properties of the Trust Fund on deposit or for safekeeping at any bank, licensed trust company or credit union and to enter into arrangements and contracts with such bank, trust company or credit union for purposes of the trusts set forth in this Agreement, and, from time to time, to hold such part of the Trust Fund uninvested when, in the opinion of the Trustees, it is necessary or advisable, in the best interest of the Trust Fund, and/or for the proper administration thereof, so to do;
- (j) To generally make any investments and loans, secured or unsecured, guaranteed or not guaranteed, including without limitation, in real estate, leaseholds, debentures, bonds, stocks or other securities, mortgages and hypotheces, obligations or certificates, which are not otherwise prohibited by any federal or provincial legislation, and to generally act as owner, dispose or exercise all rights indicated to the administration thereof;
- (k) to appoint a trust company, bank, insurance company, credit union or any other corporation, partnership or individual to act as administrator or agent and to delegate to such administrator or agent any of the powers and duties of the Trustees in connection with the administration of the Plan and the investment of the Trust Fund or any part thereof;
- (l) to make reciprocal agreements with any person, firm or corporation, charged with the duty of maintaining and/or operating and administering any other health and welfare plan for the reciprocal transfer of credited service and benefits between such plan and the Plan constituted hereunder, and for the payment or receipt, as the case may require, of such funds as shall be actuarially determined to be proper to fund benefits accrued to the date of such transfer;
- (m) to make such other rules and regulations as may be necessary for the administration of the Trust Fund and Plan and not inconsistent with the purposes of the Trust.

4.01 All cheques, drafts, vouchers or other withdrawals of money from the Trust Fund, and the transfer of any property or security of the Trust Fund, shall require the signature of at least two Trustees who have been first duly authorized by resolution of the Board of Trustees to sign such documents.

SECTION VDEALINGS WITH TRUSTEES

- 5.00 No person, partnership, corporation or association dealing with the Trustees, shall be obliged to see to the application of any funds or property of the Trust Fund, or to see that the terms of this Agreement have been complied with or be obliged to inquire into the necessity or expedience of any act of the Trustees.
- 5.01 The Board shall make available from time to time to each Participating Member in summary form, a statement of the essential features of the Plan.
- 5.02 Except as herein otherwise provided, notice given to a Trustee, Zeller's, a Participating Employer, a Participating Member or any other person, shall unless otherwise specified herein, be sufficient if it is in writing and is delivered or mailed by postpaid first class mail, or sent by prepaid telegram, to the last address of the party, as filed with the Trustees.
- 5.03 Any questions arising in connection with the carrying out of the terms and provisions of this Agreement not herein specifically provided for, shall be left to the sole discretion of the Trustees.
- 5.04 The Trustees may seek judicial interpretation they may deem necessary or advisable to settle their accounts, or may obtain a judicial determination or declaratory judgment as to any question of construction of this Agreement or instruction as to any action hereunder. Any such determination shall be binding upon all parties to or claiming under this Agreement.
- 5.05 The costs and expenses of any action, suit or proceedings brought by or against the Trustees, or any of them, (including reasonable counsel fees), shall be paid by Zeller's, except in relation to matters as to which it shall be adjudged in such action, suit or proceedings that such Trustees were acting in bad faith or were guilty of wilful default or misconduct.
- 5.06 Each person employed by the Trustees as well as any Trustee who may be engaged in the handling of monies and/or other assets of the Trust Fund, may be bonded by a duly authorized surety company for such sum as the Board from time to time shall determine. The premiums for such bonds shall be paid out of the Trust Fund. Save as aforesaid and except as otherwise expressly provided by law, no bond or other security shall be required of any Trustee.

5.07 Each Participating Employer and Zeller's covenant and agree with the Trustees that they, and each of them, will provide the Trustees with such reports, payroll records, time-sheets, accounting information and other data as the Trustees may reasonably request and require from them and consider necessary for the proper administration of the Trust Fund and the Plan, including, but without limiting the generality of the foregoing, for the determination of eligibility to participate in the Plan and the determination of the benefits payable under the Plan.

SECTION VI

PROMPT PAYMENT OF CONTRIBUTIONS

FROM PARTICIPATING EMPLOYER

6.00 Each Participating Employer shall promptly pay to the Trustees or to such person or persons, firms or corporations as the Trustees may, from time to time direct, for payment into the Trust Fund, all contributions which the Participating Employer is required by the Trustees to pay into the Trust Fund.

SECTION VII

LIMITATION OF LIABILITY

- 7.00 A Trustee shall not be liable for any error of judgment or for any loss to the Trust Fund or any insufficiency or deficiency of the Trust Fund arising through any act or omission done or permitted by him reasonably and in good faith.
- 7.01 Neither Zeller's nor any Participating Employer shall be liable for the payment of any benefits provided by the Plan nor for the failure of the Trustees to secure the benefits contemplated herein, or in the Plan, for any Participating Member or beneficiary, nor for any default or neglect of the Trustees.

## SECTION VIII

### AMENDMENT

8.00 The Parties hereto may at any time and from time to time modify or amend this Agreement, provided however, that no amendment or modification shall be made which:

- (a) alters the basic principles or intent of this Agreement, or
- (b) permits the Trust Fund to be used other than to provide for health and welfare benefits as set forth in clause 3.01, for Participating Members and their beneficiaries and for the administration of the Trust Fund, or
- (c) diverts the Trust Fund or any part thereof to a purpose other than as set out herein, or
- (d) eliminates the requirements of an audit, the results of which shall be available for inspection by any Trustee, Zeller's and any Participating Employer.

## SECTION IX

### TERMINATION OF RIGHT TO PARTICIPATE IN THE PLAN

- 9.00 A Participating Employer may at any time elect to withdraw from the Plan by delivering to the Trustees notice in writing of such election and he shall cease to be a Participating Employer upon receipt by the Trustees of such notice of election.
- 9.01 If a Participating Employer shall fail to make contributions for a period of three (3) months, then the Trustees may declare that he has ceased to be a Participating Employer, provided however that such Participating Employer shall remain liable for the payment of all contributions accrued due up to the date he ceases to be a Participating Employer.
- 9.02 A Participating Member shall cease to be such immediately upon his Participating Employer ceasing to be such and withdrawing from the Plan in accordance with clauses 9.00 and 9.01 or from the date he ceases to be an employee of a Participating Employer.

SECTION XTRANSFER OF ASSETS

10.00 The trustees may, in their sole discretion, authorize the transfer of assets of the Trust Fund of a Participating Employer to another Health and Welfare Trust Fund and Plan (hereinafter called "Successor Health and Welfare Trust Fund") provided, however, that the successor Health and Welfare Trust Fund provides for equivalent or greater benefits than those provided hereunder and provided also that the Trustees and the Trust Fund and Plan are discharged from any further liabilities hereunder.

10.01 As soon as the Trustees shall have decided to make payment into a Successor Health and Welfare Trust Fund, as contemplated and authorized herein, the provisions of clause 12.01 shall apply to and govern the subsequent conduct and actions of the Trustees in implementing their decision, and upon such payment into the Successor Trust Fund being effected, all of the trusts relating to such Participating Members contained herein shall cease and terminate, and the Trustees shall be relieved and released of and from all obligations, responsibilities and liabilities imposed upon them by and pursuant to this Agreement and/or the Plan and otherwise howsoever as they may relate to such Participating Members.

SECTION XITRUSTEES, POWER AND AUTHORITY TO RECEIVE ASSETS OF OTHER  
HEALTH AND WELFARE TRUST FUNDS

11.00 If at any time hereafter, the Trustees of any other Health and Welfare Trust Fund and Plan, where the benefits provided thereunder are equivalent to the benefits provided under the Trust Fund and Plan, (hereinafter called the "Transferor Health and Welfare Trust Fund and Plan") and the Trustees hereunder, should agree that it would be advantageous for all of the assets of any Transferor Health and Welfare Trust Fund and Plan to be transferred and paid into the Trust Fund for the purpose of providing for every Member of the Transferor Trust Fund and Plan, benefits under the Trust Fund and Plan, the Trustees are hereby expressly authorized to accept and receive all such assets as part of the Trust Fund, to provide for every member of such Transferor Trust Fund and Plan benefits under the Trust Fund and Plan, to accept and to discharge all of the liabilities of the Trustees of the Transferor Trust Fund and Plan to undertake and agree with the Trustees of the Transferor Trust Fund and Plan as a condition of such transfer and payment that the benefits to be provided hereunder shall be equivalent to those provided under the Transferor Trust Fund and Plan by the members thereof at the date of such transfer and payment.

## SECTION XII

### TERMINATION OF TRUST

12.00 This Agreement and the Plan established hereunder shall be terminated by the Trustees on receipt of written instructions from Zeller's.

12.01 In the event of termination, the Trustees shall:

- (a) make provisions out of the Trust Fund for the payment of reasonable expenses incurred up to the date of termination of the Trust Fund and the expenses incidental to such termination;
- (b) arrange for a final audit and report of their transactions and accounts for the purpose of terminating their trusteeship;
- (c) pay the residue of the Trust Fund, if any, in accordance with a formula adopted by the Trustees.

SECTION XIIISITUS AND CONSTRUCTION OF TRUST

13.00 All questions pertaining to the validity, construction and administration of this Agreement shall be determined in accordance with the laws of Canada and the Province of Quebec.

13.01 Wherever the singular or masculine is used throughout this Agreement, the same shall be deemed to include the plural or feminine or body politic or corporate wherever the context and the parties hereto so require.

13.02 This Agreement shall enure to the benefit of and be binding upon the parties hereto, their and each of their heirs, executors, administrators, successors and assigns, as the case may be.

13.03 The parties have requested this Agreement to be drawn up in the English language. Les parties ont requis que cette convention soit rédigée en anglais.

IN WITNESS WHEREOF the parties hereto have executed these presents.

The Common Seal of Zeller's Limited  
was hereunto affixed in the presence of:

Director,

June Hareit-Harris  
Witness (Signature)

Print Name

Address

President and  
Chief Executive Officer

Occupation

June Hareit-Harris  
Witness (Signature)

Print Name

W. M. Hareit  
Trustee

John H. Braden  
Trustee

M. A. Montague  
Trustee

W. F. Foysharris  
Trustee

*W. E. Dickey*  
Trustee

ZELLER'S LIMITED HEALTH AND WELFARE PLAN  
PARTICIPATION APPLICATION

The undersigned, duly authorized by the Board of Directors that he represents refer to resolution affixed hereto, hereby applies to the Board of Trustees of Zeller's Limited Health and Welfare Plan for approval and acceptance of the undersigned as a Participating Employer.

If approved and accepted as a Participating Employer the undersigned undertakes and agrees to make contributions to the Zeller's Limited Health and Welfare Plan, or directly to such firm or corporation as the Trustees may, from time to time, direct, and further undertakes and agrees to be bound by all the terms and provisions of the Agreement and Declaration of Trust under and pursuant to which the Zeller's Limited Health and Welfare Plan is constituted and duly to perform and discharge all the obligations therein imposed upon Participating Employers, and it is understood by the undersigned that the undertaking and agreement to make such contributions and to perform and discharge such obligations are conditions of the approval and acceptance of the undersigned by the Trustees.

Applicant - Company

Executed by: Name and Title  
(Affix Corporate Seal)

APPROVED AND ACCEPTED BY THE TRUSTEES on the \_\_\_\_\_ day of  
\_\_\_\_\_, 198\_\_\_\_.

By: \_\_\_\_\_  
On Behalf of the Trustees

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

Court File No.: CV-25-00738613-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF 1242939 B.C. UNLIMITED LIABILITY COMPANY et al.

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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**AFFIDAVIT OF RITA DE FAZIO**

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**Ursel Phillips Fellows Hopkinson LLP**  
555 Richmond Street West, Suite 1200  
Toronto, Ontario M5V 3B1

**Susan Ursel LSO# 26024G**  
Tel: (416) 969-3515  
Email: [sursel@upfhlaw.ca](mailto:sursel@upfhlaw.ca)

**Karen Ensslen LSO#: 60419G**  
Tel: (416) 969-3518  
Email: [kensslen@upfhlaw.ca](mailto:kensslen@upfhlaw.ca)

Employee Representative Counsel

## **TAB 3**

Court File No. CV-25-00738613-00CL

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

THE HONOURABLE ) WEDNESDAY, THE 11<sup>th</sup>  
JUSTICE KIMMEL ) DAY OF FEBRUARY, 2026

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

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

**HARDSHIP PROGRAMS ORDER**

**THIS MOTION**, made by the Represented Employees, as represented by Employee Representative Counsel (each as defined in the Employee Representative Counsel Order dated May 5, 2025, and Employee Representative Counsel hereinafter "ERC") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard on this day at 330 University Avenue, Toronto, Ontario, and via videoconference.

**ON READING** the Notice of Motion of the Represented Employees dated ●, 2026, the Affidavit of Rita De Fazio sworn February 4, 2026, and the Exhibits thereto, the Thirteenth Report of Alvarez & Marsal Canada Inc., in its capacity as the Court-appointed monitor of the Applicants (in such capacity, the "Monitor") dated February [●], 2026 (the "Thirteenth Report"); and

**ON HEARING** the submissions of ERC, counsel to the Applicants, counsel to the Monitor, counsel to the FILO Agent and such other counsel as were present, no one else appearing and making submissions for any other person on the service list, although properly served as appears from the affidavit of Christine Hanycz, sworn February 4, 2026, as filed.

**SERVICE AND DEFINITIONS**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record of the Represented Employees is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that capitalized terms used herein and not otherwise defined shall have the meaning given to them in the Hardship Programs Term Sheet dated February 3, 2026, attached as **Schedule “A”** to this Order (the “**Hardship Programs Term Sheet**”).

#### **APPROVAL OF THE HARDSHIP PROGRAMS TERM SHEET**

3. **THIS COURT ORDERS AND DECLARES** that the Hardship Programs Term Sheet, including the appendices thereto and including the uses of the assets of the Trust and the Company Reserve Fund for the purposes provided therein, is hereby approved, and the execution of the Hardship Programs Term Sheet by the Company (on behalf of itself and the other Applicants) and ERC, is hereby ratified and approved, with such minor amendments to the Hardship Programs Term Sheet as the Parties and the Monitor may deem necessary or desirable.
4. **THIS COURT ORDERS** that the Applicants, ERC, the Trustees, the Monitor, Manulife, ScotiaWealth, and the Hardship Committee are hereby authorized and directed to implement and carry out the terms of the Hardship Programs Term Sheet, and to take such additional steps and execute such additional documents as may be necessary or desirable to implement the Hardship Programs, which consist of the Trust Program, the Woodwards Replacement Policy, and the Employee Hardship Program, all as described in the Hardship Programs Term Sheet.
5. **THIS COURT ORDERS** that this Order shall constitute the only authorization required by the Applicants to proceed with implementing the Hardship Programs, and that no shareholder, contractual, or other approval shall be required in connection therewith.

#### **THE TRUST PROGRAM**

6. **THIS COURT ORDERS** that the Trustees, the Company, and ScotiaWealth are authorized and directed to distribute the assets of the Trust in accordance with the Hardship Programs Term Sheet, including the Post-Filing LTD Reimbursement, the Interim LTD Payments and the Distribution Waterfall. The Company and Trustees are authorized to retain any advisors and/or agents reasonably necessary to carry out the payments and reimbursements contemplated by the Hardship Programs Term Sheet, the cost of which shall be paid out of the Maximum Trust Program Payment.

7. **THIS COURT ORDERS** that the Reimbursement and Post-Filing LTD Reimbursement shall be held by the Monitor pending further order of the Court or distribution to the FILO Agent.

8. **THIS COURT DECLARES** that the LTD Settlement Payments are in settlement of any and all entitlement to future benefits of the Extended LTD Recipients under the Trust Plan, ASO Plan Document and/or any claim with respect to LTD benefits as against Manulife, the Applicants or the Trustees.

9. **THIS COURT ORDERS** that, effective immediately, the Trustees, Applicants and Manulife are authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable to terminate the Trust Plan and LTD component of the ASO Plan Document. Upon such termination, the terms of the Trust Plan and the LTD component of the ASO Plan Document shall immediately be deemed to be terminated and any Extended LTD Recipients under the Trust Plan and ASO Plan Document as at June 15, 2025, shall have no further entitlement except in accordance with the Hardship Programs Term Sheet and this Order.

10. **THIS COURT ORDERS** that the Trustees and the Applicants are authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable to terminate the Trust.

#### **THE WOODWARDS REPLACEMENT POLICY**

11. **THIS COURT ORDERS** that Manulife shall return the funds held by Manulife under the Company Reserve Fund to the Monitor to be held on behalf of the Applicants, without set-off or deduction.

12. **THIS COURT ORDERS** that the Applicants shall direct the Monitor to allocate from the Company Reserve Fund and pay that amount to Manulife an amount sufficient to purchase the Woodwards Replacement Policy, in a form reasonably acceptable to the ERC in accordance with the Hardship Programs Term Sheet.

13. **THIS COURT ORDERS** that, following the purchase of the Woodwards Replacement Policy, the Woodwards LTD Policy shall be terminated and the Woodwards LTD Recipient shall have no further entitlement thereunder, and the Woodwards LTD Replacement Policy is in settlement of any and all of the Woodwards LTD Recipient's entitlement to future benefits under the Woodwards LTD Policy.

14. **THIS COURT ORDERS** that, following the purchase of the Woodwards Replacement Policy as contemplated in the Hardship Programs Term Sheet the Applicants and Manulife are authorized to take such additional steps and execute such additional documents as may be necessary or desirable to terminate the Woodwards LTD Policy.

15. **THIS COURT ORDERS** that the balance of the Company Reserve Fund shall be held by the Monitor pending further order of the Court or distribution to the FILO Agent.

#### **THE EMPLOYEE HARDSHIP PROGRAM**

16. **THIS COURT ORDERS** that, provided the conditions to establishment of the Employee Hardship Program set out in the Hardship Programs Term Sheet have been met, the Applicants and the Monitor are hereby authorized and directed to establish and create the Employee Hardship Program pursuant to and in accordance with the terms of the Hardship Programs Term Sheet.

17. **THIS COURT ORDERS** that the process to seek Employee Hardship Payments, including the eligibility criteria, maximum benefits payable to approved Hardship Applicants, and utilization of the forms and procedures contained therein, all as described in the Hardship Programs Term Sheet and subject to such minor modifications as agreed by the Monitor and ERC, is hereby approved.

18. **THIS COURT ORDERS** that the establishment of the Hardship Committee subject to and in accordance with the terms set forth in the Hardship Programs Term Sheet, is hereby approved.

19. **THIS COURT ORDERS** that the Monitor is authorized and directed to transfer from the Employee Hardship Program to the Company an amount equal to the applicable Employee Hardship Payment, and the Company is authorized and directed to make applicable Employee Hardship Payments to all eligible and approved Hardship Applicants, subject to and in accordance with the terms and conditions of the Hardship Programs Term Sheet.

20. **THIS COURT ORDERS** that any amounts remaining in the Employee Hardship Program at the end of the Application Period, after all Application Forms have been assessed by the Monitor and the Hardship Committee, as applicable, and after all Hardship Payments have been made, shall be retained by the Monitor on behalf of the Applicants to be held pending distributions to the FILO Agent or pursuant to further order of the Court and that no person

including the former employees of the Applicant shall have any claim to any amounts remaining in the Employee Hardship Program that have not been disbursed.

21. **THIS COURT DECLARES** that payments from the Employee Hardship Program are not earnings arising from employment but are intended to alleviate particular hardships faced by former employees and retirees of the Applicants.

#### **ADVICE AND DIRECTIONS**

22. **THIS COURT DIRECTS** that the Monitor, any of the Parties to the Hardship Programs Term Sheet or any other interested party may apply to the Court for advice and direction regarding the application, interpretation, and implementation of this Order or the Hardship Programs Term Sheet.

#### **RELEASES**

23. **THIS COURT ORDERS** that the Applicants, the Monitor, the Hardship Committee, the Trustees and all former trustees of the Trust, ERC, Manulife and ScotiaWealth, as applicable, and their respective directors, officers, employees, legal counsel, and other advisors, shall incur no liability and be deemed to be forever and irrevocably released from any and all present and future claims whatsoever in connection with their administration of the Trust, termination of the Trust Plan and LTD component of the ASO Plan Document, termination of the Trust, termination of the Woodwards LTD Policy, and implementation of the Hardship Programs Term Sheet, and the carrying out the terms of the Hardship Programs and this Order, provided that nothing in this paragraph shall waive any claim for fraud or wilful misconduct or any claim that is not permitted to be released pursuant to section 5.1(2) of CCAA.

24. **THIS COURT ORDERS** that any obligations of the Trustees and ScotiaWealth with respect to the payments to Extended LTD Recipients under the Trust Program shall be limited solely to the extent of any funds remaining in the Maximum Trust Program Payment, which are required and available to be paid to Extended LTD Recipients. If the funds of the Trust prove inadequate, neither the Trustees nor the Applicants are under any obligation to make any further payments pursuant to the Hardship Programs Term Sheet.

25. **THIS COURT ORDERS** that any obligations of the Applicants, the Monitor and Manulife with respect to the Woodwards LTD Recipient shall be limited to the purchase and provision of the Woodwards Replacement Policy.

26. **THIS COURT ORDERS** that the Monitor, ERC and the Hardship Committee shall incur no liability in connection with the Employee Hardship Program, subject only to any claim for fraud or wilful misconduct or any claim that is not permitted to be released pursuant to section 5.1(2) of CCAA.

## **NOTICES**

27. **THIS COURT ORDERS AND DIRECTS** that notice of the Trust Program and eligibility for the LTD Settlement Payments shall be posted on the Monitor's website and the website of the ERC, and shall be communicated by the Company to the proposed Extended LTD Recipients by mail and/or email, with the form of delivery of such notice to be satisfactory to the Company, ERC and the Monitor.

28. **THIS COURT ORDERS AND DIRECTS** Manulife to provide notice of the Woodwards Replacement Policy to the Woodwards LTD Recipient by mail and/or email in a form to be agreed by Manulife and ERC.

29. **THIS COURT ORDERS AND DIRECTS** that once the Minimum Reimbursement has been transferred to the Monitor, notice of the eligibility criteria and the application process for the Employee Hardship Program shall be posted on the Monitor's website and the website of the ERC, in the form attached as Appendix "B" to the Hardship Programs Term Sheet (subject to such minor modifications as agreed between ERC and the Monitor or approved by the Court).

## **SEALING ORDER**

30. **THIS COURT ORDERS** that Confidential Exhibits "A" and "B" to the Affidavit of Rita De Fazio sworn February 4, 2026 and the Confidential Schedule "A" to this Order are hereby sealed pending further Order of the Court and shall not form part of the public record.

31. **THIS COURT DECLARES** that this Order shall have full force and effect in all provinces and territories in Canada.

32. **THIS COURT DECLARES** that the Applicants, ERC and the Monitor shall be authorized to apply as it may consider necessary or desirable, with or without notice, to any other court or administrative body, whether in Canada, the United States or elsewhere, for orders which aid and complement this Order. All courts and administrative bodies of all such jurisdictions are hereby

respectfully requested to make such orders and to provide such assistance to the Applicants as may be deemed necessary or appropriate for that purpose.

33. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Applicants and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants as may be necessary or desirable to give effect to this Order or to assist the Applicants and their agents in carrying out the terms of this Order.

34. **THIS COURT ORDERS** that this Order and all of the provisions are effective as of 12:01 a.m. on the date of this Order.

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**SCHEDULE “A”****Hardship Programs Term Sheet****[To be inserted in final Order]**

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  
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Court File No.: CV-25-00738613-00CL

	<p><b>ONTARIO</b> <b>SUPERIOR COURT OF JUSTICE</b> <b>COMMERCIAL LIST</b></p>
	<p><b>HARDSHIP PROGRAMS ORDER</b></p> <p><b>Ursel Phillips Fellows Hopkinson LLP</b> 555 Richmond Street West, Suite 1200 Toronto, Ontario M5V 3B1</p> <p><b>Susan Ursel LSO# 26024G</b> Tel: (416) 969-3515 Email: <a href="mailto:surSEL@upfhlaw.ca">surSEL@upfhlaw.ca</a></p> <p><b>Karen Ensslen LSO# 60419G</b> Tel: (416) 969-3518 Email: <a href="mailto:kensslen@upfhlaw.ca">kensslen@upfhlaw.ca</a></p> <p>Employee Representative Counsel</p>

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**  
(Proceeding commenced in Toronto)

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**MOTION RECORD OF THE EMPLOYEE  
REPRESENTATIVE COUNSEL**

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**Ursel Phillips Fellows Hopkinson LLP**  
555 Richmond Street West, Suite 1200  
Toronto, Ontario M5V 3B1

**Susan Ursel LSO# 26024G**  
Tel: (416) 969-3515  
Email: [sursel@upfhlaw.ca](mailto:sursel@upfhlaw.ca)

**Karen Ensslen LSO#: 60419G**  
Tel: (416) 969-3518  
Email: [kensslen@upfhlaw.ca](mailto:kensslen@upfhlaw.ca)

Employee Representative Counsel