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.

RESPONDING MOTION RECORD OF EMPLOYEE REPRESENTATIVE COUNSEL

July 17, 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

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

Catherine Fan LSO #: 77641P
Tel: (416) 640-1239
Email: cfan@upfhlaw.ca

Employee Representative Counsel

TO: SERVICE LIST

INDEX

TAB 1

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

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.

Applicants

AFFIDAVIT OF RITA DE FAZIO

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 relation to the motion by Royal Trust Corporation of Canada ("**RT**") for advice and directions of the of the Superior Court of Justice (Commercial List) (the "**Court**") in its capacity as trustee of trust funds related to four retirement compensation arrangements ("**RCAs**") for former executives of the Hudson's Bay Company and its predecessors (the "**Company**").

3. Except where otherwise defined, all capitalized terms in my affidavit have the same meaning as defined in the Affidavit of Susannah B. Roth sworn February 10, 2026 (the "**Roth Affidavit**").

4. Pursuant to the Employee Representative Counsel Order 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."

5. 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.

6. As ERC, my colleagues at Ursel Phillips Fellows Hopkinson LLP and I have engaged directly with former executives of the Company who are participants in the RCAs, and have received information, advice and where, appropriate, instruction from these individuals directly, which provides the basis of some of my information.

ISSUES LIST AND PROPOSED RESPONSES

7. In relation to its responsibility to wind up the RCAs, RT sought the Court's advice and direction with respect to 12 questions set out at para. 5 of the Roth Affidavit.

8. RT has also sought the Court's authorization to pay costs incurred by RT to date and on an ongoing basis, based on the Proposed Cost Allocation Methodology, as set out at para. 189

of the Roth Affidavit, namely that legal and actuarial fees and disbursements incurred in relation to a specific RCA shall be applied to that RCA, while costs related to general work covering all of the HBC RCAs will be distributed across all four trust funds "rateably based on the quantum of assets in each HBC RCA Trust Fund".

9. In addition to the questions posed by RT, the Applicants have included additional clarification issues that flow from those posed by RT. A list of the issues raised by RT and the Applicants (the "**Issues List**") is attached as **Exhibit "A"** to my affidavit.

10. As identified at para. 17 of the Notice of Motion, RT does not take a position on the questions posited to the Court, nor does it view it as appropriate for it to do so.

11. Subsequent to the filing of the motion on February 13, 2026, ERC and the Applicants, in consultation with the Monitor, have shared their positions on the questions on the Issues List. Following further discussion, ERC has formulated responses to the various issues (the "**Proposed Responses**"), which is attached as **Exhibit "B"** to my affidavit, with which the Company substantially agrees.

VARIOUS SERP PROGRAMS AND PERIODS OF ACCRUAL

12. As described in the Roth Affidavit, RT is trustee of four HBC RCAs:

(a) the Zellers RCA,

(b) the HBC RAA RCA,

(c) the HBC Main RCA, and

(d) the HBC Additional RCA.

13. Except for the HBC Additional RCA, discussed further below, each RCA is associated with a supplemental executive retirement plan ("**SERP**") to provide additional benefits to current and former employees of the Company:

(a) The Zellers SERP, the plan text of which is at Exhibit "F" to the Roth Affidavit;

(b) The HBC RAA SERP, the plan text of which is at Exhibit "E" to the Roth Affidavit; and

(c) The HBC Main SERP, the plan text of which is at Exhibit "B" to the Roth Affidavit.

14. Employees who were designated as executives (generally, being those at a Director level, General Manager level and above) [1] were eligible to participate in these SERPs.

15. As identified in the Resolution of the Board of Directors of Hudson's Bay Company made October 29, 1999 at Exhibit "E" to the Roth Affidavit, the RAA SERP Plan provides a defined benefit ("**DB**") pension in respect of service accrued up to October 29, 1999.

16. As of October 29, 1999, the RAA SERP Plan was closed, accruals ceased, and the HBC Main SERP Plan was established for future service. The benefit provisions of the HBC Main SERP Plan were substantially the same as under the RAA SERP Plan.

17. Art. 5.01 of the HBC Main SERP Plan provides that "except as otherwise provided in this Article 5, following a Change in Control, the Company shall not be obligated to pre-fund

---

[1] See art. 2.24 of the HBC Main SERP Plan. Under the HBC RAA SERP, designated executives were identified on Schedule "A" to the Plan, which has been removed to preserve individuals' privacy from Exhibit "E" to the Roth Affidavit.

any benefits provided under the Supplementary Plan", and explicitly states that benefits "shall be paid for by the Company from general assets."

18. Art. 1.02(3) of the HBC Main SERP Plan provides that "following a Change in Control effective November 10, 2005, the Company established a Trust fund and deposited into the Trust Fund an amount equal to the Estimated Plan Termination Liability as of that date."

19. The preamble to the HBC Main Trust Agreement articulates that an offer was received by the Company to purchase all outstanding common shares on November 10, 2005 and identifies that pursuant to the HBC Main SERP Plan, that offer constituted a Change in Control. The preamble further identifies that the Company wished to establish the trust "to secure the accrued benefits under the Plan" in relation thereto.

20. As identified in the Roth Affidavit at paras. 18, the HBC Main RCA was funded on or about January 6, 2006. As identified in the Roth Affidavit at para. 125 and as articulated at art. 1.02(3) of the HBC Main SERP Plan, the funding contribution to the HBC Main RCA was in connection with the benefits accrued up to November 10, 2005. I am advised by RT and do believe that no further contributions were made to the HBC Main RCA by the Company after January 6, 2006.

21. New employees were not eligible to participate in the HBC Main SERP Plan after July 1, 2012, as identified at art. 1.07 of the HBC Main SERP Plan. Employees who were executives prior to this date continued to accrue DB pensions under the HBC Main SERP Plan until October 1, 2015, as identified at art. 1.08 of the HBC Main SERP Plan.

22. Effective October 1, 2014, the HBC Main SERP Plan was amended to add a defined contribution ("**DC**") provision. No contributions were actually paid into an account in respect of the DC pensions accrued under the HBC Main SERP Plan, but rather notional accounts were maintained. There is no trust fund in respect of the DC portion of the HBC Main SERP Plan, and none of the questions before the Court relate to the DC portion of this plan. The Company's liability to Participants in the HBC Main SERP Plan's DC portion are unsecured debts of the Company, for which no recovery is expected.

23. Participation in the SERPs was not optional for designated employee; they were required to participate as a term and condition of employment. In accordance with art. 5.01 of the HBC Main SERP Plan, employees were "not required nor permitted to contribute to the Supplementary Plan."

24. As a result of SERP Participants' participation in the Hudson's Bay Company Pension Plan (the "**Registered Plan**"), they had very limited contribution room available to fund Registered Retirement Savings Plans.

25. SERP Participants relied on the benefits provided under the various SERPs for a substantial proportion of their retirement income. As a result of the Company's insolvency, and as identified at para. 17 of the Roth Affidavit, no payments from any of the RCAs have been made since April 2025 to SERP Participants.

THE COMPANY'S COMMUNICATIONS AND PRACTICES RELATED TO THE RAA AND MAIN SERP

26. As identified in the Roth Affidavit at para. 125, the Company referred to the portion of the HBC Main SERP for benefits accrued up to November 10, 2005 as the "funded" portion

of the HBC Main SERP and referred to benefits accrued under the HBC Main SERP Plan on and after November 10, 2005 as the "unfunded" portion of the HBC Main SERP.

27. I am advised by the Applicants and do believe that in most cases, retired SERP Participants received their SERP benefits in the form of distinct payments from different sources, which related to the period of accrual of their benefits. In particular:

(a) DB benefits accrued under the HBC RAA SERP up to October 29, 1999 were paid from the HBC RAA RCA;

(b) DB benefits accrued under the Main SERP for service accrued up to November 10, 2005 were paid from the HBC Main RCA, this fact being further confirmed in the Roth Affidavit at para. 125;

(c) DB benefits accrued under the Main SERP for service accrued on and after November 10, 2005 were paid by HBC from general revenue and administered by Royal Bank of Canada ("**RBC**") through a non-trust account; and

(d) DC benefits accrued under the Main SERP were paid by HBC from general revenue and administered by RBC through a separate non-trust account.

28. In respect of DB benefits in the Main SERP for service accrued on and after November 10, 2005, I am advised by the Applicants and do believe that the Company made deposits to the non-trust account at RBC each month in advance of RBC processing the payments to Main SERP Participants.

29. ERC has communicated directly with SERP Participants and reviewed personal financial records, including tax reporting forms, provided by SERP Participants, which confirm that SERP Participants received distinct payments from these sources.

30. ERC has reviewed various communications from the Company to SERP Participants, which were provided to us by those SERP Participants. These communications further confirm that the Company communicated to SERP Participants that:

(a) their SERP benefits had "funded" and "unfunded" portions;

(b) the benefits for their service in the HBC Main SERP Plan on and after November 10, 2005 were "unfunded";

(c) the amounts that would be paid from the RT trust accounts were in relation to the "funded" portions of their benefits under the HBC Main SERP Plan and the HBC RAA SERP; and

(d) amounts received from RBC non-trust accounts were in respect of the "unfunded" portions of their benefits (including DC benefits) under the HBC Main SERP Plan.

THE ADDITIONAL SERP PARTICIPANTS

31. There are two Additional SERP Participants in the HBC Additional SERP, who are named in Schedule "B" to the HBC Additional Trust Agreement but whose identities and personal information have been redacted at Exhibit "C" to the Roth Affidavit.

32. ERC has communicated directly with both of the Additional SERP Participants to receive information and instructions from them in relation to the issues raised in the RT motion.

33. The two Additional SERP Participants have confirmed the form of their employment contracts with the Company (the "**Employment Contracts**"), the key provisions of which are described below. ERC has filed a separate motion for a redaction order to protect the privacy interests of the Additional SERP Participants, and intends to serve a supplementary affidavit enclosing redacted copies of the Employment Contracts further to the Court's direction in that motion.

34. The two Additional SERP Participants have confirmed their support of the positions that ERC is taking on this motion.

35. In particular, the Additional SERP Participants have advised and I do believe:

(a) Both of the Additional SERP Participants are participants in the HBC Main SERP Plan;

(b) Their employment with the Company was terminated on July 17, 2008 and June 30, 2010 respectively;

(c) It was their understanding that the HBC Additional RCA was established to satisfy the obligations of the Company under the Employment Contracts to secure their accrued benefits under the HBC Main SERP Plan following the termination of their employment in the event of a Change of Control. The language in their respective contracts, which are identical in this respect, contains a more expansive definition of a Change of Control than that in the HBC Main SERP Plan and provides as follows:

> "to the extent not otherwise required under the SERP, HBC shall be required to immediately secure the supplementary pension benefits accrued… under the SERP to the

Change of Control Termination Date, if such sums held in trust at the time are deemed to be actuarially inadequate"

(d) Under the heading "Compensation Provisions", the term "SERP" is defined in the Employment Contracts as follows:

> "[name] will continue to be eligible to participate in the Supplementary Executive Retirement Plan (the "**SERP**"). Participation in the plan is subject to its terms and conditions."

(e) Neither of the two Additional SERP Participants is aware of any separate plan text for the HBC Additional RCA that is in existence or ever existed;

(f) Since their retirement, each of the Additional SERP Participants received distinct payments from the HBC Main RCA and the HBC Additional RCA, which they understood to have been calculated such that their benefits accrued up to November 10, 2005 were paid from the HBC Main RCA, and their benefits accrued on and after November 10, 2005, to their respective termination dates were paid from the HBC Additional RCA.

PARTICIPATION IN THE SERPS

36. As identified above, the Applicants have provided ERC with detailed information related to the participants in each of the four RCAs.

37. Based on a review of these records, I believe that the number of participants in each of the SERPs varies slightly from the information contained in the Roth Affidavit regarding the participants in the RCAs. I believe that the number of participants in each of the SERPs is as follows (shown alongside the RCA participant information from the Roth Affidavit):

Plan	**Associated RCA**	**Number of participants in the RCAs (as stated in the Roth Affidavit)**	**Number of participants in the SERPs (based on review of Company records)**
Zellers SERP	Zellers RCA	3	3
HBC RAA SERP	HBC RAA RCA	75	83
[HBC Main SERP]	HBC Additional RCA	2	2
HBC Main SERP	HBC Main RCA	183	DB Component: 257 DC Component: 29
All Plans			305

38. Many individuals are participants in more than one plan, and thus the total population of participants is not equal to the sum of the participants in each plan, and as described further below, the number of participants with an entitlement to assets in the HBC Main RCA is distinct from the number of participants in the HBC Main SERP.

39. Question 2 before the Court is “Should the Termination Liability for each Main SERP Participant be limited to benefits accrued prior to November 10, 2005”? ERC believes that this question is meant to clarify whether the application of the assets of the HBC Main RCA should be limited to benefits accrued prior to November 10, 2005. ERC has reviewed the information provided by the Applicants to identify which Main SERP Participants are impacted by this determination, and is providing this information for the assistance of the Court.

40. The detailed participant information provided to ERC by the Applicants identifies that of the 257 participants in the DB component of the HBC Main SERP Plan, 183 Main SERP Participants accrued benefits up to November 10, 2005, while 215 SERP Participants accrued benefits on and after November 10, 2005. Many individuals accrued benefits in both periods, and therefore the total number of participants in the DB component of the Main SERP is not equal to the sum of the participants with service up to November 10, 2005 and on and after November 10, 2005.

41. Participation in the DB component of the HBC Main SERP Plan can be broken down more granularly as follows:

(a) there are 42 Main SERP Participants with defined benefits accrued only up to November 10, 2005;

(b) there are 141 Main SERP Participants with defined benefits accrued both up to, and on and after November 10, 2005; and

(c) there are 74 Main SERP Participants with defined benefits accrued exclusively on and after November 10, 2005.

42. These figures are illustrated in the Venn diagram below:

Main SERP Participants by period of defined benefit accrual

43. As identified in the Proposed Responses, based upon our review of the facts and the law, ERC is of the view that the assets in the HBC Main RCA should be limited to payment of the portion of an HBC Main RCA participant's Termination Liability that is in respect of benefits accrued prior to November 10, 2005.

44. As a result, if the Court were to issue an order consistent with ERC's position:

(a) There are 183 Main SERP Participants in the DB component who accrued benefits up to November 10, 2005, and who would have entitlements to the assets in the HBC Main RCA;

(b) there are 74 Main SERP Participants in the DB component who accrued benefits exclusively on or after November 10, 2005 and who would have no entitlement to the assets in the HBC Main RCA; and

(c) there are 29 Main SERP Participants in the DC component who would have no entitlement to the assets in the HBC Main RCA.

VALUATION OF THE SERPS

45. As identified in the Roth Affidavit at para. 18, Mercer has advised RT that it does not expect there to be sufficient assets to pay all benefits payable to each Participant, after all expenses payable from each HBC RCA Trust fund are paid, let alone any remaining assets in any of the HBC RCA Trust Funds.

46. None of the SERPs are subject to pension regulatory requirements with respect to periodic actuarial valuations. Nonetheless, in December 2022, Mercer provided the Company with an actuarial valuation report of the HBC RAA SERP and the HBC Main SERP as at January 1, 2022 (the "**2022 Valuation Report**"), a copy of which is attached as **Exhibit "C"**.

47. The 2022 Valuation Report excludes the Zellers SERP. The 2022 Valuation Report did not separately value any "HBC Additional SERP", but rather included the valuation of the HBC Additional RCA together with the valuation of the HBC Main RCA in its valuation of the HBC Main SERP Plan (which is referred to in the report as the "Executive SERP"), while noting that the "Executive SERP" assets "[i]ncludes assets in respect of two executives held separately for them in a trust account with a total market value of $606,098 as at January 1, 2022." However, no corresponding "HBC Additional SERP" liabilities are separately identified.

48. In the introduction, the 2022 Valuation Report identifies the following with respect to the funding of the various SERPs:

> The RAA is partially funded… The Executive SERP is partially funded as a result of a Change in Control of the Company on November 10, 2005, as defined in the Executive SERP document, and contributions made during 2011 in respect of two executives. The terms of the Executive SERP do not require any additional advance funding except that, in the event of a subsequent Change in Control, the Estimated Plan Termination Liability of the Executive SERP is to be funded.

49. The Methods and Assumptions in the 2022 Valuation Report describes the allocation of accrued pensions under the Main SERP as follows:

Allocation of Funded and Unfunded Executive SERP Pensions:

Pensions accrued under the Executive SERP are allocated between funded and unfunded amounts based on the following methodology and in accordance with HBC's decision at the March 20, 2008 meeting:

1. **Funded Executive SERP Pensions**
   The funded Executive SERP pension is in respect of executive service granted after October 29, 1999 and prior to Nov 10, 2005. It is determined as the Target Pension Formula under the Executive SERP but based on the member's frozen final average earnings, pensionable service and the CPP Pension at November 10, 2005; less the RAA Offset Pension and less the notional registered DC Plan offset (based on frozen number of units from Oct 29, 1999 to November 10, 2005 and frozen notional unit value at November 10, 2005).

2. **Unfunded Executive SERP Pensions**

   The Unfunded Executive SERP pension is determined as the total accrued Executive SERP pension, less the Funded Executive SERP pension, if any (as described above), less the RAA pension, if any.

50. The actuarial valuation as at January 1, 2022 identified deficits or shortfalls in all plans that were evaluated as follows (all values are as at January 1, 2022):

Plan	RCA Assets	Shortfall
RAA	$5,184,000	$21,010,000
Main SERP – Funded DB component	$57,589,000 (including assets of the Additional SERP)	$6,208,000 (including with respect to HBC Additional SERP liabilities)
Main SERP – Unfunded DB component	$0	$115,615,000
Additional SERP	$606,098	Not evaluated separately. See Main SERP Funded DB component above.

Main SERP – DC component	$0	$2,966,000

TERMINATION DATE

51. Question 3 asks the Court to confirm the termination date of the SERPs. I am advised by counsel to RT and do believe that that in order to understand the implications of the termination date, Mercer would need to carry out two sets of calculations which would take time and have attendant costs.

52. ERC is of the view that expending such costs is not in the interests of SERP Participants. Considering the provisions of the Trust Agreements and plan texts, and the fact that the Company's insolvency was open and notorious as of March 7, 2025, ERC is of the view that March 7, 2025 is the appropriate termination date.

CONVERSION CALCULATION

53. Question 11 asks the Court to confirm that the actuarial assumptions in accordance with the CIA Recommendation should be used to complete the Conversion Calculation for each DC Active and Deferred Main SERP Participant in determining the Basic Plan Offset Pension and the RAA Offset Pension.

54. As noted at para. 180 of the Roth Affidavit, Manulife has declined to share the assumptions and methodologies used by it to determine the Basic Plan Offset Pension for the DC Pension Plan and Mercer is unable to replicate their methodologies to be consistent with HBC's prior administrative practice.

55. I am further advised by RT and do believe that if Manulife were engaged to conduct the Conversion Calculations by the Company or another party, doing so would cause additional delay in completing Mercer's calculations.

56. ERC is of the view that this delay is not in the interests of SERP Participants, and that it is appropriate for the Court to confirm that the actuarial assumptions in accordance with the CIA Recommendation be used to complete the Conversion Calculation.

ERC'S COMMUNICATIONS WITH PARTICIPANTS

57. Since our appointment, ERC has met regularly with and sought the advice and direction of its Employee Committee, formed further to para. 4 of the ERC Order, including with respect to the SERPs

58. Throughout the *CCAA* proceedings, ERC has also communicated extensively with SERP Participants with respect to SERP-related questions, the wind-up of the RCAs and the issues raised in the RT Motion.

59. ERC engaged in discussions with RT regarding the RCAs beginning in or around June 2025, and was advised in or around August 2025 that RT anticipated that it would require the advice and direction of the Court with respect to the wind-up of the RCAs.

60. ERC held a virtual Town Hall meeting for SERP Participants on September 25, 2025 (the "**September Town Hall**"), for which notice was published on ERC's website. ERC required SERP Participants to register for this program, and verified that all registrants were in fact members of a SERP prior to admission to the Town Hall. At the September Town Hall, ERC provided SERP Participants with an overview of the *CCAA* proceedings, the SERPs and RCAs, and highlighted the anticipated issues that may require the assistance of the Court. The September Town Hall was attended by approximately 90 SERP Participants, and presentation materials were provided to SERP Participants on request.

61. Following the service of RT's motion on February 13, 2026, and ERC's analysis of the evidence and the law, ERC held a second virtual Town Hall meeting for SERP Participants on March 24, 2026 (the "**March Town Hall**"). All registrants for the September Town Hall were proactively invited. As with the September Town Hall, notice of this meeting was posted on ERC's website, registration was required and ERC again verified that all registrants were in fact members of a SERP.

62. The March Town Hall was attended by approximately 100 SERP Participants, and presentation materials were provided to SERP Participants on request.

63. In the March Town Hall, ERC described its analysis of the facts and the law, and its subsequent anticipated position on the issues in the RT motion. In particular, ERC articulated its assessment based on the facts and the law, that SERP Participants who accrued service in the HBC Main SERP Plan exclusively on and after November 10, 2005 did not have a valid legal claim on the assets of the HBC Main RCA.

64. On behalf of our clients, ERC asserts solicitor-client privilege over its presentations to SERP Participants at the September Town Hall and the March Town Hall. By disclosing the fact of these meetings and the topics discussed at these meetings, ERC does not waive its client's privilege with respect to the substance of those meetings or the materials exchanged.

65. Subsequent to the March Town Hall, ERC has continued to communicate with SERP Participants regularly by email, phone and in meetings with individuals, where appropriate. No individual has come forward to question or dispute ERC's analysis regarding the HBC Main RCA, to provide contrary facts that raise concerns about ERC's analysis, or to

suggest that ERC's analysis and proposed positions on the issues in the RT motion is incorrect.

66. Following a case management conference in relation to the scheduling of this motion, ERC posted an update to its website regarding the scheduling of this motion and related matters, and sent a proactive email communication to all SERP Participants who registered for either the September Town Hall or March Town Hall regarding the same.

67. ERC intends to post all of its materials on this motion on its website following service on the Service List. Such materials will also in the ordinary course be available on the Monitor's website.

68. ERC has announced and intends to hold a further Town Hall for SERP Participants on July 29, 2026 at 6pm to discuss the Proposed Responses and the RT Motion generally.

69. The Employee Committee supports the positions ERC is taking on the RT motion, as articulated in the Proposed Responses, as do both of the Additional SERP Participants. ERC is not aware of any SERP Participant that opposes ERC's positions on the issues that will be before the Court on September 25, 2026.

70. I affirm this affidavit in support of ERC's position on this motion 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 July 17, 2026 in accordance with O. Reg 431/20, Administering Oath or Declaration Remotely.

A Commissioner for taking Affidavits *(or as may be)*

Rita De Fazio

THIS IS **EXHIBIT "A"** REFERRED TO IN THE
AFFIDAVIT OF **RITA DE FAZIO**
AFFIRMED BEFORE ME AT THE CITY OF TORONTO,
IN THE PROVINCE OF ONTARIO, THIS 17TH DAY OF JULY, 2026,
IN ACCORDANCE WITH O. REG. 431/20, ADMINISTERING OATH
OR DECLARATION REMOTELY

____
A Commissioner for taking Affidavits

CATHERINE FAN
(LSO #: 77641P)

ISSUES LIST

Numbered Questions are as raised in para. 5 of the Roth Affidavit. Additional Questions raised b y RT or the Company are lettered below.

Question:	Follow-up Question(s)
1. Can interim distributions be made from the HBC Main RCA prior to a final determination of what amounts, if any, the Main SERP Participants are entitled to from the Pension Plan surplus, on the basis that recoveries of overpayments (if any) as a result thereof will be deducted from wind-up distributions of the Pension Plan surplus, if any, to each Main SERP Participant?	**If the answer to this question is 1 "no":** Can interim distributions be made from the HBC Main RCA prior to a final determination of what amounts, if any, the Main SERP Participants are entitled to from the Pension Plan surplus, on another basis, and if so on what basis should that be? *If the answer to the follow-up question above is also "no", such that no interim distributions can be made from the HBC Main RCA prior to a determination of what amounts, if any, the Main SERP Participants are entitled to from the Pension Plan surplus, the Trustee still requests that the remaining questions posed be answered by the Court as these questions require answers regardless of the timing of the distributions from the HBC Main RCA.*
1(A) Could there be any excess assets under the HBC Main RCA (with or without taking into account surplus distributions under the Pension Plan) in respect of which, pursuant to section 7.07 of the HBC Main SERP plan text and section 8.3 of the trust agreement, the Company could claim a reversionary interest? **If so, what is the Company's reversionary interest in any excess assets under the HBC Main RCA?**	
2. Should the Termination Liability for each Main SERP Participant be limited to benefits accrued prior to November 10, 2005?	**If the answer to this question 2 "no":** Should the Termination Liability for each Main SERP Participant be calculated based on benefits accrued to the termination date of the HBC Main RCA?
3. Is the date of termination of the HBC SERPs March 26, 2025?	**If the answer to this question 3 "no":** What is the date of termination of the HBC SERPs?

Question:	Follow-up Question(s)
4. Can the Trustee and Mercer assume that there is no plan text for the HBC Additional SERP?	**If the answer to this question 4 is "no":** What additional steps should the Trustee take to obtain a plan text or what terms of the HBC Additional SERP plan text should the Trustee assume exist?
5. Are the benefits payable to the Additional SERP Participants, including any Termination Liability, to be determined in accordance with the terms of the HBC Main SERP Plan?	**If the answer to this question 5 is "no":** On what basis are the benefits payable to the Additional SERP Participants to be determined?
6. Are the Additional SERP Participants entitled to *security* in excess of what the HBC Main RCA provides, which was provided by the HBC Additional RCA?	
7. Should the Additional SERP Participants have priority entitlement to the HBC Additional RCA Trust Fund?	**If the answer to this question 7 is "no":** Should the HBC Additional RCA Trust Fund be considered as one fund with the HBC Main RCA Trust Fund for the purposes of making termination payments to the Main & Additional SERP Participants?
8 If the Court determines the Additional SERP Participants have priority entitlement to the HBC Additional RCA Trust Fund (i.e., if the answer to question 7 is "yes"), should the methodology for allocating the remaining assets under the HBC Additional RCA include only the Additional SERP Participants' Termination Liability	**If the answer to this question 8 is "yes":** Should the Additional SERP Participants' Termination Liability used in the calculation for allocating both the HBC Main RCA and the HBC Additional RCA include all benefits accrued under the HBC Main SERP (i.e., the benefits paid under the HBC Additional RCA should not be excluded when determining the asset allocation for the HBC Main RCA and vice versa)?
9. Should the aggregate amount payable to an Additional SERP Participant from both the HBC Main RCA and HBC Additional RCA be limited to 100% of their Termination Liability?	If the answer to this question 9 is "yes": If the aggregate amount payable to an Additional SERP Participant from both the HBC Main RCA and HBC Additional RCA is greater than 100% of the Additional SERP Participant's Termination Liability, should the termination payment to that Additional SERP Participant from the HBC Main RCA Trust Fund be reduced to ensure that the Additional SERP Participant's aggregate amount payable from both the HBC Main RCA and HBC Additional RCA is no greater than their Termination Liability? Should the excess assets remaining in the HBC Main RCA Trust Fund after reducing the amount payable to the Additional SERP Participant(s) from the HBC Main RCA Trust Fund be allocated among the other HBC Main Participants based on a *pro rata* of their Termination Liability?

Question:	Follow-up Question(s)
10 Should the methodology set out at paragraph 172[1] be used to calculate the Termination Liability pursuant to the HBC Main SERP Plan?	**If the answer to this question 10 is "no"**: What methodology should be used to calculate the Termination Liability pursuant to the HBC Main SERP Plan?
11 Should the actuarial assumptions in accordance with the CIA Recommendation be used to complete the Conversion Calculation for each DC Active and Deferred Main SERP Participant in determining the Basic Plan Offset Pension and the RAA Offset Pension?	**If the answer to this question 11 is "no":** What methodology should be used to complete the Conversion Calculation for each DC Active and Deferred Main SERP Participant in determining the Basic Plan Offset Pension? What methodology should be used to complete the Conversion Calculation for each DC Active and Deferred Main SERP Participant in determining the RAA Offset Pension?
12 **Should the outstanding RAA Loans and Zellers Loans be repaid to HBC out of the Trust Funds available in the HBC RAA RCA and Zellers RCA, respectively?**	This is a threshold question as it relates to the RAA RCA and Zellers RCA as there are insufficient funds in each of the related Trust Funds to make any further distributions to the participants of such RCAs if such loans are repaid to HBC.
Additional Questions	
A. Should the Proposed Cost Allocation Methodology as outlined in paragraph 189[2] be adopted?	If the answer to this question 13 is "no", what methodology should be adopted?
B. Can any excess assets remaining in the Trust Funds be paid to the Company?	
C. Should RT be required to deliver a signed promissory note to the Company in respect of the February 27, 2025 RAA Loan and February 27, 2025 Zellers Loan?	

1 **Paragraph 172:** At article 2.39, the HBC Main SERP Plan describes the methodology to be used to calculate the Termination Liability, as follows, assuming the HBC SERPs' termination date is in March 2025: (i) Employment of all Main SERP Participants is assumed to be terminated as of the date of termination of the HBC Main SERP Plan; (ii) The commuted value of each Main SERP Participant's HBC Main SERP benefits will be determined based on section 3500 – Pension Commuted Values of the Canadian Institute of Actuaries' Standards of Practice (the **"CIA Recommendation")** applicable for March 2025; and (iii) The interest rates to be used to determine this commuted value will be one-half of the interest assumed under the CIA Recommendation, (being 1.80% per annum for the first 10 years and 2.25% per annum thereafter).

2 **Paragraph 189:** Since being instructed by HBC to wind up the HBC RCAs, the Trustee has incurred legal and actuarial fees and disbursements related to the management and wind up of the HBC RCAs (the "**Costs**"). Pursuant to Section 7.6 of each RCA Trust Agreement, the Trustee is authorized to pay the Costs out of each HBC RCA Trust Fund. Where fees and disbursements are incurred by the Trustee with respect to a specific HBC RCA, the Trustee proposes to apply those costs to the applicable HBC RCA Trust Fund, while costs related to general work covering all of the HBC RCAs will be distributed across all four HBC RCA Trust Funds ratably based on quantum of assets in such HBC RCA Trust Fund (inclusive of Refundable Tax) (the **"Proposed Cost Allocation Methodology**").

THIS IS **EXHIBIT "B"** REFERRED TO IN THE
AFFIDAVIT OF **RITA DE FAZIO**
AFFIRMED BEFORE ME AT THE CITY OF TORONTO,
IN THE PROVINCE OF ONTARIO, THIS 17TH DAY OF JULY, 2026,
IN ACCORDANCE WITH O. REG. 431/20, ADMINISTERING OATH
OR DECLARATION REMOTELY

____
A Commissioner for taking Affidavits

CATHERINE FAN
(LSO #: 77641P)

PROPOSED RESPONSES

Question:	Follow-up Question(s)	Proposed Response
1. Can interim distributions be made from the HBC Main RCA prior to a final determination of what amounts, if any, the Main SERP Participants are entitled to from the Pension Plan surplus, on the basis that recoveries of overpayments (if any) as a result thereof will be deducted from wind-up distributions of the Pension Plan surplus, if any, to each Main SERP Participant?	**If the answer to this question is 1 "no":** Can interim distributions be made from the HBC Main RCA prior to a final determination of what amounts, if any, the Main SERP Participants are entitled to from the Pension Plan surplus, on another basis, and if so on what basis should that be? *If the answer to the follow-up question above is also "no", such that no interim distributions can be made from the HBC Main RCA prior to a determination of what amounts, if any, the Main SERP Participants are entitled to from the Pension Plan surplus, the Trustee still requests that the remaining questions posed be answered by the Court as these questions require answers regardless of the timing of the distributions from the HBC Main RCA.*	The answer to Q. 1 is Yes, and therefore it is unnecessary to answer the follow-up question. A mechanism to protect any interest of the Company in relation to art. 7.08 of the HBC Main SERP Plan, and the reversionary interest in excess assets under art. 7.07 is appropriate by way of court order and letters of commitment executed by Main SERP Participants to ensure that appropriate calculations are conducted and any amounts owing to the Company are paid from the Main SERP recipients' distribution from the registered pension plan surplus.
1(A) Could there be any excess assets under the HBC Main RCA (with or without taking into account surplus distributions under the Pension Plan) in respect of which, pursuant to section 7.07 of the HBC Main SERP plan text and section 8.3 of the trust agreement, the Company could claim a reversionary interest? If so, what is the Company's reversionary interest in any excess assets under the HBC Main RCA?		Yes, there could be excess assets over which the Company could claim a reversionary interest, however determination of that reversionary interest cannot be made until the Actuary has conducted its calculations following the Court's directions.
2. Should the Termination Liability for each Main SERP Participant be limited to benefits accrued prior to November 10, 2005?	**If the answer to this question 2 "no":** Should the Termination Liability for each Main SERP Participant be calculated based on benefits accrued to	We believe that this question is meant to clarify whether the application of the assets of the HBC Main RCA should be limited to benefits accrued prior to November 10, 2005. If so, the answer is is yes.

Question:	Follow-up Question(s)	Proposed Response
	the termination date of the HBC Main RCA?	The Termination Liability for each Main SERP Participant should be limited to benefits accrued up to November 10, 2005 and should be payable only to those Main SERP Participants with benefits accrued up to November 10, 2005.
3. Is the date of termination of the HBC SERPs March 26, 2025?	**If the answer to this question 3 "no":** What is the date of termination of the HBC SERPs?	No. The Termination Date is March 7, 2025.
4. Can the Trustee and Mercer assume that there is no plan text for the HBC Additional SERP?	**If the answer to this question 4 is "no":** What additional steps should the Trustee take to obtain a plan text or what terms of the HBC Additional SERP plan text should the Trustee assume exist?	Yes. There is no HBC Additional SERP plan text.
5. Are the benefits payable to the Additional SERP Participants, including any Termination Liability, to be determined in accordance with the terms of the HBC Main SERP Plan?	**If the answer to this question 5 is "no":** On what basis are the benefits payable to the Additional SERP Participants to be determined?	Yes, the Additional SERP Participants' entitlements should be determined under the HBC Main SERP Plan.
6. Are the Additional SERP Participants entitled to *security* in excess of what the HBC Main RCA provides, which was provided by the HBC Additional RCA?		Yes, the HBC Additional RCA is intended to provide additional security to the Additional SERP Participants. In connection with this answer, please also see the response to Question 9 below.
7. Should the Additional SERP Participants have priority entitlement to the HBC Additional RCA Trust Fund?	**If the answer to this question 7 is "no":** Should the HBC Additional RCA Trust Fund be considered as one fund with the HBC Main RCA Trust Fund for the purposes of making termination payments to the Main & Additional SERP Participants?	Yes, the Additional SERP Participants have priority entitlement to the assets in the HBC Additional RCA. In connection with this answer, please also see the response to Question 9 below.
8 If the Court determines the Additional SERP Participants have priority entitlement to the HBC Additional RCA Trust Fund (i.e., if the answer to question 7 is "yes"), should the methodology for allocating the remaining assets under the HBC Additional RCA	**If the answer to this question 8 is "yes":** Should the Additional SERP Participants' Termination Liability used in the calculation for allocating both the HBC Main RCA and the HBC Additional RCA include all	Yes, the remaining assets under the HBC Additional RCA should be allocated based on only the Additional SERP Participants' Termination Liability and paid only to those Additional SERP Participants.

Question:	Follow-up Question(s)	Proposed Response
include only the Additional SERP Participants' Termination Liability	benefits accrued under the HBC Main SERP (i.e., the benefits paid under the HBC Additional RCA should not be excluded when determining the asset allocation for the HBC Main RCA and vice versa)?	Consistent with the proposed responses to Questions 2, 6 and 7 above, the Additional SERP Participants' Termination Liability should be calculated to account for benefits accrued up to November 10, 2005 from the HBC Main RCA, and to account for benefits accrued after November 10, 2005 from the HBC Additional RCA.
9. Should the aggregate amount payable to an Additional SERP Participant from both the HBC Main RCA and HBC Additional RCA be limited to 100% of their Termination Liability?	If the answer to this question 9 is "yes": If the aggregate amount payable to an Additional SERP Participant from both the HBC Main RCA and HBC Additional RCA is greater than 100% of the Additional SERP Participant's Termination Liability, should the termination payment to that Additional SERP Participant from the HBC Main RCA Trust Fund be reduced to ensure that the Additional SERP Participant's aggregate amount payable from both the HBC Main RCA and HBC Additional RCA is no greater than their Termination Liability? Should the excess assets remaining in the HBC Main RCA Trust Fund after reducing the amount payable to the Additional SERP Participant(s) from the HBC Main RCA Trust Fund be allocated among the other HBC Main Participants based on a *pro rata* of their Termination Liability?	**This issue may be contested separately at a later date after the Actuary has conducted its calculations following the Court's directions, if necessary.** While it is agreed that the Additional SERP Participants have no entitlement over and above 100% of their Termination Liability, there may be disputes as to the appropriate calculation thereof and the interaction of an excess in one trust fund with a shortfall in another. These potential disputes as to the interpretation of the trust agreements and the HBC Main SERP Plan may or may not arise, and should be deferred pending calculation of the Additional SERP Participants' entitlements under the HBC Main RCA and the HBC Additional RCA and be decided only if necessary. To protect the potential interest of the Company to any excess, the Order should direct that the assets in the HBC Additional RCA cannot be distributed unless (a) there is no excess, (b) there is an agreement between the Company and the Additional SERP Participants regarding the excess amounts; or (c) further order of the Court following determination of Question 9.
10 Should the methodology set out at paragraph 172[1] be used to calculate the Termination	**If the answer to this question 10 is "no"**:	Yes.

1 **Paragraph 172:** At article 2.39, the HBC Main SERP Plan describes the methodology to be used to calculate the Termination Liability, as follows, assuming the HBC SERPs' termination date is in March 2025: (i) Employment of all Main SERP Participants is assumed to be terminated as of the date of termination of the HBC Main SERP Plan; (ii) The commuted value of each Main SERP Participant's HBC Main SERP benefits will be determined based on section 3500 – Pension Commuted Values of

Question:	Follow-up Question(s)	Proposed Response
Liability pursuant to the HBC Main SERP Plan?	What methodology should be used to calculate the Termination Liability pursuant to the HBC Main SERP Plan?	
11 **Should the actuarial assumptions in accordance with the CIA Recommendation be used to complete the Conversion Calculation for each DC Active and Deferred Main SERP Participant in determining the Basic Plan Offset Pension and the RAA Offset Pension?**	**If the answer to this question 11 is "no":** What methodology should be used to complete the Conversion Calculation for each DC Active and Deferred Main SERP Participant in determining the Basic Plan Offset Pension? What methodology should be used to complete the Conversion Calculation for each DC Active and Deferred Main SERP Participant in determining the RAA Offset Pension?	Yes.
12 **Should the outstanding RAA Loans and Zellers Loans be repaid to HBC out of the Trust Funds available in the HBC RAA RCA and Zellers RCA, respectively?**	This is a threshold question as it relates to the RAA RCA and Zellers RCA as there are insufficient funds in each of the related Trust Funds to make any further distributions to the participants of such RCAs if such loans are repaid to HBC.	**This issue will be contested separately.**
Additional Questions		
A. Should the Proposed Cost Allocation Methodology as outlined in paragraph 189[2] be adopted?	If the answer to this question 13 is "no", what methodology should be adopted?	Answer under review, as addressed in Aide Memoire
B. Can any excess assets remaining in the Trust Funds be paid to the Company?		Yes.
C. Should RT be required to deliver a signed promissory note to the Company in respect of the February		**This issue will be contested separately.**

the Canadian Institute of Actuaries' Standards of Practice (the **"CIA Recommendation")** applicable for March 2025; and (iii) The interest rates to be used to determine this commuted value will be one-half of the interest assumed under the CIA Recommendation, (being 1.80% per annum for the first 10 years and 2.25% per annum thereafter).

2 **Paragraph 189:** Since being instructed by HBC to wind up the HBC RCAs, the Trustee has incurred legal and actuarial fees and disbursements related to the management and wind up of the HBC RCAs (the "**Costs**"). Pursuant to Section 7.6 of each RCA Trust Agreement, the Trustee is authorized to pay the Costs out of each HBC RCA Trust Fund. Where fees and disbursements are incurred by the Trustee with respect to a specific HBC RCA, the Trustee proposes to apply those costs to the applicable HBC RCA Trust Fund, while costs related to general work covering all of the HBC RCAs will be distributed across all four HBC RCA Trust Funds ratably based on quantum of assets in such HBC RCA Trust Fund (inclusive of Refundable Tax) (the "**Proposed Cost Allocation Methodology**").

Question:	Follow-up Question(s)	Proposed Response
27, 2025 RAA Loan and February 27, 2025 Zellers Loan?		

THIS IS **EXHIBIT "C"** REFERRED TO IN THE
AFFIDAVIT OF **RITA DE FAZIO**
AFFIRMED BEFORE ME AT THE CITY OF TORONTO,
IN THE PROVINCE OF ONTARIO, THIS 17TH DAY OF JULY, 2026,
IN ACCORDANCE WITH O. REG. 431/20, ADMINISTERING OATH
OR DECLARATION REMOTELY

A Commissioner for taking Affidavits

CATHERINE FAN
(LSO #: 77641P)

welcome to brighter

Hudson's Bay Company Supplementary Executive Retirement Plan, Retiring Allowance Arrangement and the Supplementary Executive Retirement Plan for C.W. Evans

Report on the Actuarial Valuation as at January 1, 2022

December 2022

Note to reader regarding actuarial valuations:

This valuation report may not be relied upon for any purpose other than those explicitly noted in the Introduction, nor may it be relied upon by any party other than the parties noted in the Introduction. Mercer is not responsible for the consequences of any other use. A valuation report is a snapshot of a plan's estimated financial condition at a particular point in time; it does not predict a pension plan's future financial condition or its ability to pay benefits in the future. If maintained indefinitely, a plan's total cost will depend on a number of factors, including the amount of benefits the plan pays, the number of people paid benefits, the amount of plan expenses, and the amount earned on any assets invested to pay the benefits. These amounts and other variables are uncertain and unknowable at the valuation date. The content of the report may not be modified, incorporated into or used in other material, sold or otherwise provided, in whole or in part, to any other person or entity, without Mercer's permission. All parts of this report, including any documents incorporated by reference, are integral to understanding and explaining its contents; no part may be taken out of context, used, or relied upon without reference to the report as a whole.

To prepare the results in this report, actuarial assumptions are used to model a single scenario from a range of possibilities for each valuation basis. The results based on that single scenario are included in this report. However, the future is uncertain and the Plan's actual experience will differ from those assumptions; these differences may be significant or material. Different assumptions or scenarios within the range of possibilities may also be reasonable, and results based on those assumptions would be different. Furthermore, actuarial assumptions may be changed from one valuation to the next because of changes in regulatory and professional requirements, developments in case law, plan experience, changes in expectations about the future, and other factors.

The valuation results shown in this report also illustrate the sensitivity to one of the key actuarial assumptions, the discount rate. We note that the results presented herein rely on many assumptions, all of which are subject to uncertainty, with a broad range of possible outcomes, and the results are sensitive to all the assumptions used in the valuation.

Decisions about benefit changes, granting new benefits, investment policy, funding policy, benefit security, and/or benefit-related issues should not be made solely on the basis of this valuation, but only after careful consideration of alternative economic, financial, demographic, and societal factors, including financial scenarios that assume future sustained investment losses.

Mercer is not a law firm, and the analysis presented in this report is not intended to be a legal opinion. You should consider securing the advice of legal counsel with respect to any legal matters related to this report.

Contents

Section 1
Introduction

To Hudson's Bay Company ULC

At the request of Hudson's Bay Company ULC (the "Company"), we have conducted actuarial valuations of the Hudson's Bay Company Supplementary Executive Retirement Plan (the "Executive SERP"), the Retiring Allowance Arrangement (the "RAA"), and the Supplementary Executive Retirement Plan for C.W. Evans (the "Evans SERP"), sponsored by the Company, as at the valuation date, January 1, 2022. We are pleased to present the results of the valuation.

Purpose

The purpose of these valuations is to determine:

- the defined benefit (DB) liabilities of the plans as at January 1, 2022, on an accounting basis in accordance with the Generally Accepted Accounting Principles ("US GAAP"); and
- the Estimated Plan Termination DB Liabilities of the plans as at January 1, 2022 as defined in Section 3 of this report.

The RAA provides benefits to eligible executives of the Company with respect to service prior to October 29, 1999 with final average earnings frozen at that date, that are supplementary to the benefits provided under the Hudson's Bay Company Pension Plan (the "Registered Plan") which is restricted by the limits of the *Income Tax Act*. The Executive SERP similarly provides benefits to eligible executives of the Company which are supplemental to those benefits provided under the Registered Plan, with respect to service both before and after October 29, 1999. Benefits under the Executive SERP are reduced by any benefits accrued under the RAA. The Evans SERP provides benefits to Mr. C.W. Evans (and his beneficiaries) that are supplementary to those benefits provided under the Pension Plan of Hudson's Bay Company for C.W. Evans (the "Evans IPP"). Collectively, the RAA, the Executive SERP and the Evans SERP will be referred to in this document as the HBC SERP.

The HBC SERP does not constitute registered pension plans within the meaning of the *Income Tax Act* or any provincial benefits legislation.

This report excludes the Zellers Inc. Retiring Allowance Plan for Designated Former Executives of Woodwards Limited ("Woodwards SERP").

The RAA is partially funded. The Evans SERP is unfunded. The Executive SERP is partially funded as a result of a Change in Control[1] of the Company on November 10, 2005, as defined in the Executive SERP document, and contributions made during 2011 in respect of two executives. The terms of the Executive SERP do not require any additional advance funding except that, in the event of a subsequent Change in Control, the Estimated Plan Termination Liability of the Executive SERP is to be funded.

Events since the Last Valuation at July 1, 2019

Pension Plans

The valuations in this report reflect the provisions of the HBC SERP as at January 1, 2022.

There have been no plan amendments since the date of the previous valuation, and we are not aware of any pending definitive or virtually definitive amendments coming into effect during the period covered by this report.

Summaries of the plans' provisions are provided in Appendix E. We note that the valuation of the Evans SERP is based on the document formally describing the provisions that the Company provided us and as summarized in Appendix E.

A summary of the methods and assumptions are provided in Appendices B and C.

Effective February 2, 2019, the Company moved from reporting under International Accounting Standard No. 19 (IAS 19) to reporting under US Generally Accepted Accounting Principles ("US GAAP") for accounting purposes. Accounting DB liabilities of the plans for the current valuation have been determined in accordance with US GAAP.

Actuarial Standards

On July 23, 2020, the CIA published the final version of Section 3500 of the Standards of Practice on Pension Commuted Values and confirmed that the effective date of the new standards is December 1, 2020.

Key changes are as follows:

- Discount rates now based on Government of Canada bond yields plus a floating spread that varies with market conditions, rather than a fixed spread.
- Member now assumed to elect pension commencement with 50% probability at the age which produces the highest value and with 50% probability at the earliest unreduced retirement age, rather than with 100% probability at the age which produces the highest value.

---

[1] Under the terms of the SERP, Change in Control means any:

(1) offer for shares of Hudson's Bay Company by any entity which, if successful, would result in the offeror beneficially owning in excess of 25% of the outstanding voting shares of Hudson's Bay Company; or

(2) capital reorganization, amalgamation, arrangement or other scheme of reorganization, as a result of which the shares of Hudson's Bay Company outstanding immediately prior to such transaction constitute less than 50% of the voting power of the resulting company.

From the effective date, the revised standards affect the assumptions used to value the Estimated DB Termination Liabilities and the financial impact of those changes on the Estimated DB Plan Termination Liabilities is reflected in this actuarial valuation.

Subsequent Events

After checking with representatives of the Company, to the best of our knowledge there have been no events subsequent to the valuation date that, in our opinion, would have a material impact on the results of the valuation as at January 1, 2022. However, since the valuation date, there have been significant fluctuations in the financial markets including an increase in yields on fixed income and an increase in actual and expected short-term inflation, which may have led to a variation in the funded position of the Plan after the valuation date. Our valuation reflects the financial position of the Plan as of the valuation date and does not take into account any experience after the valuation date.

Section 2

Valuation Results – Accounting DB Liability Basis (in 000's)

When conducting an accounting valuation, we determine the liabilities of the plans based on the methods and assumptions required under US GAAP. These results are used to determine the funded status of the plans and the pension expense for reporting purposes.

The position of the HBC SERP on an accounting liability basis as at January 1, 2022 is as follows:

	January 1, 2022				July 1, 2019
(in 000's)	RAA	Executive SERP	Evans SERP	Total HBC SERP	Total HBC SERP[2]
Assets					
Invested assets	$1,295	$32,393*	$0	$33,688	$32,446
Refundable tax account balance	$3,889	$25,196*	$0	$29,085	$30,853
Total assets	**$5,184**	**$57,589**	**$0**	**$62,773**	**$63,299**
Present value of accrued benefits for:					
Active members	$0	$11,380	$0	$11,380	$42,430
Salary continuance	$270	$9,563	$0	$9,833	$4,535
Pensioners and survivors	$18,081	$82,723	$230	$101,034	$91,447
Deferred pensioners	$2,797	$22,234	$0	$25,031	$26,358
Total liability	**$21,148**	**$125,900**	**$230**	**$147,278**	**$164,770**
Excess (shortfall)	**($15,964)**	**($68,311)**	**($230)**	**($84,505)**	**($101,471)**

** Includes assets in respect of two executives held separately for them in a trust account with a total market value of $606,098 as at January 1, 2022.*

[2] Determined in accordance with International Accounting Standard No. 19 (IAS 19)

Reconciliation of DB Liabilities (in $000's)	
Liability as at July 1, 2019	($164,770)
Interest on liability at 3.60% per year	(15,232)
Pension payments with interest	15,882
Gain due to higher than expected unit value	2,885
Gain due to salary increases lower than expected	2,225
Net retirement gain / (loss)	5,769
Net mortality gain / (loss)	(1,042)
Net termination gain / (loss)	6,890
Change in assumptions gain / (loss)	-
Net impact of other elements of gains and losses	115
Liability as at January 1, 2022	**($147,278)**

Current Service Cost

The current service cost is an estimate of the present value of the additional expected future benefit cash flows in respect of pensionable service that will accrue in the year after the valuation date, assuming the Plan will be maintained indefinitely. There is no current service cost for the year following the valuation. The existing DB SERP ceased effective September 30, 2015 so there are no future DB SERP service accruals after October 1, 2015.

Discount Rate Sensitivity (in $000's)

The following table summarises the effect on the liabilities shown in this report of using a discount rate which is 1.00% lower and higher than that used in the valuation:

Scenario	Valuation Basis	Reduce Discount Rate by 1%	Increase Discount Rate by 1%
Liabilities	$147,278	$171,308	$127,593
Current Service Cost	$0	$0	$0

Section 3

Valuation Results – Estimated DB Plan Termination Liability (in 000's)

The Estimated Plan Termination Liability is defined in the Executive SERP plan document as the aggregate Termination Liability in respect of all members, determined as of the effective date of a Change in Control or termination of the Executive SERP. The Termination Liability with respect to any individual entitled to benefits under the Executive SERP is defined as the value, as at the particular time, of all benefits payable under the Executive SERP in respect of the individual, determined in accordance with the following assumptions:

1. the Registered Plan and the Executive SERP are terminated;
2. all obligations under the Registered Plan and under the Executive SERP with respect to the individual are satisfied by payment of a lump sum amount;
3. employment of the member is terminated;
4. the value of benefits settled shall be determined in accordance with the Canadian Institute of Actuaries ("CIA") Standards of Practice for the computation of Commuted Values to be paid from Registered Pension Plans except as noted below;
5. the interest rate assumed for the purpose of determining the value under 4. shall be one half of the interest rate assumed under the CIA Recommendations.

We have calculated the Estimated Plan Termination Liability of the Executive SERP at January 1, 2022, as described above and with the assumptions and methods described in Appendix C of this report. We have also valued the Estimated Plan Termination Liability of the RAA and Evans SERP according to this definition and using the same methods and assumptions, recognizing that these liabilities are not defined within the RAA or Evans SERP plan documents and that no obligation to fund these liabilities exists under the RAA or Evans SERP.

The results of the valuation of the Estimated DB Plan Termination Liabilities of the HBC SERP as at January 1, 2022 are as follows:

	January 1, 2022						July 1, 2019
		Executive SERP			Evans	Total HBC	Total HBC
(in 000's)	RAA	Funded	Unfunded	Total	SERP	SERP	SERP
Assets							
Invested assets	$1,295	$32,393*	$0	$32,393*	$0	$33,688	$32,446
Refundable tax account balance	$3,889	$25,196*	$0	$25,196*	$0	$29,085	$30,853
Total assets	**$5,184**	**$57,589**	**$0**	**$57,589**	**$0**	**$62,773**	**$63,299**
Present value of accrued benefits for:							
Active members	$44	$992	$14,158	$15,150	$0	$15,194	$49,609
Salary continuance	$374	$1,276	$12,575	$13,851	$0	$14,225	$6,951
Pensioners and survivors	$22,732	$48,281	$63,734	$112,015	$253	$135,000	$123,239
Deferred pensioners	$3,044	$13,248	$25,148	$38,396	$0	$41,440	$44,740
Total liability	**$26,194**	**$63,797**	**$115,615**	**$179,412**	**$253**	**$205,859**	$224,539
Excess (shortfall)	**($21,010)**	**($6,208)**	**($115,615)**	**($121,823)**	**($253)**	**($143,086)**	**($161,240)**

** Includes assets in respect of two executives held separately for them in a trust account with a total market value of $606,098 as at January 1, 2022.*

Discount Rate Sensitivity (in $000's)

The following table summarises the effect on the Estimated DB Plan Termination Liabilities shown in this report of using a discount rate which is 0.50% lower and higher than that used in the valuation:

Scenario	Valuation Basis	Reduce Discount Rate by 0.5%	Increase Discount Rate by 0.5%
Liabilities	$205,859	$228,763	$185,410

Section 4

Valuation results – DC Plan Liability (in 000's)

The assets and liabilities related to those executives who are members of the DC SERP are shown below:

(in 000's)	January 1, 2022	July 1, 2019
Assets (DC)	$0	$0
DC Notional Account balance	$2,966	$1,941
Unfunded DC balance	$2,966	$1,941

HBC's obligation under the DC SERP is limited to the vested members' Notional Account balances at the date the member's benefit is paid.

Section 5
Actuarial opinion

In our opinion, for the purpose of determining the Accounting Liability as at January 1, 2022,

- the membership data on which the valuation is based is sufficient and reliable;
- the assumptions are in accordance with US GAAP; and
- the methods employed in the valuation are in accordance with US GAAP.

In our opinion, for the purpose of determining the Estimated Plan Termination Liabilities as at January 1, 2022,

- the membership data on which the valuation is based is sufficient and reliable;
- the assumptions are in accordance with the Executive SERP provisions; and
- the method employed are in accordance with the Executive SERP provisions.

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

George Abdulahad
Fellow of the Canadian Institute of Actuaries
Fellow of the Society of Actuaries

December 12, 2022
Date

Neil Webster
Associate of the Canadian Institute of Actuaries
Associate of the Faculty of Actuaries

December 12, 2022
Date

Appendix A
Plan Assets

The assets of the RAA are held in a Retirement Compensation Arrangement ("RCA") together with the associated refundable tax account. The information regarding the assets of the plans was provided by the Company. At January 1, 2022, the assets in the RAA are $1,295,000 and the refundable tax account balance is $3,889,000 for a total RAA asset value of $5,184,000.

The Executive SERP is partially funded at January 1, 2022 due to the Change in Control at November 10, 2005 and contributions made in 2011 in respect of two employees, with the assets held in an RCA together with the associated refundable tax account. At January 1, 2022, the assets in the Executive SERP are $32,393,000 and the refundable tax account balance is $25,196,000, for a total Executive SERP asset value of $57,589,000.

There are no assets associated with the Evans SERP as at January 1, 2022.

Reconciliation of Market Value of Plan Assets

The assets since the last valuation as at July 1, 2019 are summarized in the following tables:

Reconciliation of Plan Assets (Market Value - in 000's)	RAA	Executive SERP	Total
July 1, 2019	$9,063	$54,236	$63,299
PLUS			
Contributions	$0	$0	$0
Net Increase	$388	$8,900	$9,288
LESS			
Pensions paid	$4,267	$5,547	$9,814
January 1, 2022	$5,184	$57,589	$62,773
Net Increase (for the period)	5.6%	17.3%	15.9%
Net Increase (per annum)	2.2%	6.6%	6.1%

Appendix B
Methods and Assumptions – Accounting Basis

Accounting Liabilities for the Executive SERP and the RAA are computed using the Projected Unit Credit Method. The objective under this method is to expense each participant's benefits under the plans as they would accrue, taking into consideration future salary increases and DC investment returns in the Registered Plan, ignoring any benefits that are payable only at the absolute discretion of the Company.

The DB SERP ceased effective September 30, 2015 for existing members. The DC SERP replaced the DB SERP future accrual for these members, effective October 1, 2015. There are no longer any DB SERP pensionable service accruals after this date.

The benefit for a retired SERP member is equal to the monthly pension in payment at the date of determination.

The benefit for any other Executive SERP member not yet in receipt of pension payments (including both active and terminated vested members) is the amount of annual pension calculated according to the Target Pension Formula (described in Appendix E) at the valuation date, reduced by 1 and 2 below:

1. Registered Plan Offset Pension
   The annual pension that could be purchased from (or that is deemed to be actuarially equivalent to) the member's Notional Account Balance in the Registered Plan, determined using assumptions based on the discount rate, plus the annual pension (if any) that is payable, in equivalent form of pension, under a defined benefit component of the Registered Plan.

2. RAA Offset Pension
   The annual amount of RAA benefit (if any) payable to the member, determined as:

   a. The amount of annual pension payable to the member according to the Target Pension Formula under the RAA (equivalent to the Target Pension Formula under the Executive SERP), determined based on the member's final average earnings, pensionable service and the CPP Pension at October 29, 1999, less

   b. The annual pension that could be purchased from (or that is deemed to be actuarially equivalent to) the member's Notional Account Balance in the Registered Plan, determined based on the number of units accumulated to October 29, 1999, but based on the unit value at the valuation date.

The accrued liability is the actuarial present value of the accrued benefit for valuation purposes at the beginning of the fiscal year.

Accounting Liabilities for the Evans SERP are computed based on the pension currently being paid to Mrs. Evans under that plan.

We have used the actuarial assumptions selected by the Company for its January 29, 2022 year-end financial reporting. The table below shows the various assumptions used in the current valuation in comparison with those used in the previous valuation (based on assumptions for February 2, 2019 fiscal year-end financial reporting under IAS 19).

Assumption	January 1, 2022	July 1, 2019
Discount rate:	3.60%	3.60%
Interest rate on DC contributions:	3.60%	3.60%
ITA limit / YMPE increases:	3.00%	3.00%
Pensionable earnings increases:	3.00%	3.00%
Retirement age:	Age which produces optimal value to member	Age which produces optimal value to member
Mortality rates:	100% of the rates of the 2014 Private Sector Canadian Pensioners Mortality Table (CPM2014Priv)	100% of the rates of the 2014 Private Sector Canadian Pensioners Mortality Table (CPM2014Priv)
Mortality improvements:	Fully generational using CPM Improvement Scale B (CPM-B)	Fully generational using CPM Improvement Scale B (CPM-B)
Unisex assumption:		
Actives & Deferred	90% Male	90% Male
Pensioners	Sex distinct	Sex distinct
Disability rates:	None	None
Termination rates:	None	None
DC Notional Account Unit Value	$1,344.071379	$1,125.988708

The assets of the RAA and SERP were valued at market value.

Appendix C

Methods and Assumptions – Estimated Plan Termination Basis

The Estimated Plan Termination Liability is defined in the Executive SERP plan document as the aggregate Termination Liability in respect of all members, determined as of the effective date of a Change in Control or termination of the Executive SERP. The Termination Liability with respect to any individual entitled to benefits under the Executive SERP is defined as the value, as at the particular time, of all benefits payable under the Executive SERP in respect of the individual determined in accordance with the following assumptions:

1. the Registered Plan and the Executive SERP are terminated on the date of determination;
2. all obligations under the Registered Plan and under the Executive SERP with respect to the individual are satisfied by payment of a lump sum amount;
3. employment of the member is terminated;
4. the value of the benefits settled is determined in accordance with the CIA Standards of Practice for the Computation of Pension Commuted Values to be paid from Registered Pension Plans (the “CIA Recommendations”) except as noted below;
5. the interest rate assumed for the purpose of determining the value under 4. is one half of the interest rate assumed under the CIA Recommendations.

The benefit for a retired SERP member is equal to the monthly pension in payment at the date of determination.

The benefit for any other Executive SERP member not yet in receipt of pension payments (including both active and terminated vested members) is the amount of annual pension calculated according to the Target Pension Formula (described in Appendix E) at the valuation date, reduced by 1 and 2 below:

1. Registered Plan Offset Pension
   The annual pension that could be purchased from (or that is deemed to be actuarially equivalent to) the member’s Notional Account Balance in the Registered Plan, determined using assumptions based on the CIA Recommendations, plus the annual pension (if any) that is payable, in equivalent form of pension, under a defined benefit component of the Registered Plan.

2. RAA Offset Pension
   The annual amount of RAA benefit (if any) payable to the member, determined as:

   A. The amount of annual pension payable to the member according to the Target Pension Formula under the RAA (equivalent to the Target Pension Formula under the Executive SERP), determined based on the member’s final average earnings, pensionable service and the CPP Pension at October 29, 1999, less

B. The annual pension that could be purchased from (or that is deemed to be actuarially equivalent to) the member's Notional Account Balance in the Registered Plan, determined based on the number of units accumulated to October 29, 1999, but based on the unit value at the valuation date.

The HBC SERP benefit is determined for each possible pension commencement age, and valued using assumptions based on the CIA Recommendations for terminations occurring in the month of calculation, provided the discount rate assumption is one-half of the recommended assumption. The Termination Liability for an individual is the value of the present values determined assuming retirement with a 50% probability at the age that maximizes the value of their entitlement from the Plan and a 50% probability at the member's earliest unreduced age, based on the eligibility requirements that have been met at the valuation date.

The Termination Liability does not reflect any benefits that are payable only at the absolute discretion of the Company, or any severance benefits that any members may be entitled to depending on the circumstances of the termination of the Executive SERP or of the member's employment.

We have calculated the Estimated Plan Termination Liability of the Executive SERP at January 1, 2022, as described above and with the assumptions and methods described in this Appendix. We have also valued the Estimated Plan Termination Liability of the RAA and Evans SERP according to this definition and using the same methods and assumptions, recognizing that these liabilities are not defined within the RAA or Evans SERP plan documents and that no obligation to fund these liabilities exists under the RAA or Evans SERP.

Allocation of Funded and Unfunded Executive SERP Pensions:

Pensions accrued under the Executive SERP are allocated between funded and unfunded amounts based on the following methodology and in accordance with HBC's decision at the March 20, 2008 meeting:

1. **Funded Executive SERP Pensions**
   The funded Executive SERP pension is in respect of executive service granted after October 29, 1999 and prior to Nov 10, 2005. It is determined as the Target Pension Formula under the Executive SERP but based on the member's frozen final average earnings, pensionable service and the CPP Pension at November 10, 2005; less the RAA Offset Pension and less the notional registered DC Plan offset (based on frozen number of units from Oct 29, 1999 to November 10, 2005 and frozen notional unit value at November 10, 2005).

2. **Unfunded Executive SERP Pensions**

The Unfunded Executive SERP pension is determined as the total accrued Executive SERP pension, less the Funded Executive SERP pension, if any (as described above), less the RAA pension, if any.

The Estimated Plan Termination Liability in this report is determined based on the assumptions described below:

Assumption	January 1, 2022	July 1, 2019
Mortality rates:	Before retirement: Nil After retirement: CPM2014, Fully generational using CPM Improvement Scale B (CPM-B)	Before retirement: Nil After retirement: CPM2014, Fully generational using CPM Improvement Scale B (CPM-B)
Discount rate for SERP benefits:	1.05% for 10 years following January 1, 2022 and 1.55% thereafter	1.15% for 10 years following July 1, 2019 and 1.40% thereafter
Discount rate for Registered Plan offset:	2.10% for 10 years following January 1, 2022 and 3.10% thereafter	2.30% for 10 years following July 1, 2019 and 2.80% thereafter
Pension commencement:	Members are assumed to retire with a 50% probability at the age that maximizes the value of their entitlement from the Plan and a 50% probability at the member's earliest unreduced age based on the eligibility requirements that have been met at the valuation date	Age which produces optimal value to member
Final Average Earnings:	Based on actual final average earnings at January 1, 2022 for determining SERP Target Pension and actual final average earnings at October 29, 1999 for determining RAA benefits, as provided by the Company	Based on actual final average earnings at July 1, 2019 for determining SERP Target Pension and actual final average earnings at October 29, 1999 for determining RAA benefits, as provided by the Company
CPP Pension:	Based on projected maximum CPP benefits at the assumed retirement date for determining Executive SERP Target Pension and actual maximum CPP benefits at October 29, 1999 for determining RAA benefits	Based on projected maximum CPP benefits at the assumed retirement date for determining Executive SERP Target Pension and actual maximum CPP benefits at October 29, 1999 for determining RAA benefits
Yearly Maximum Pensionable Earnings	Used to determine projected CPP Pension at retirement. YMPE after 2022 assumed to increase at a rate of 3.00% per year	Used to determine projected CPP Pension at retirement. YMPE after 2019 assumed to increase at a rate of 3.00% per year
DC Notional Account Unit Value	$1,344.071379	$1,125.988708

The SERP document provides that the amount payable from the SERP is reduced by the Actuarial Equivalent of any distribution of surplus assets to the Member from the Registered Plan. We note that the Registered Plan is in a surplus position at the valuation date and that if the Registered Plan were terminated at the effective date of the Change in Control, a portion of the surplus assets could conceivably, though not necessarily, be distributed to the members of the SERP. However, it is impossible to quantify the potential impact of any surplus distribution on a hypothetical wind-up. As such, this report does not reflect any potential impact of distribution of surplus assets in the event of the wind-up of the Registered Plan.

Appendix D
Membership Data

Analysis of Membership Data

The actuarial valuation is based on membership data as at January 1, 2022, provided by the Company.

We have applied tests for internal consistency, as well as for consistency with the data used for the previous valuation. These tests were applied to membership reconciliation, basic information (date of birth, date of hire, date of membership, gender, etc.), pensionable earnings, credited service, and pensions to retirees and other members entitled to a deferred pension. The results of these tests were satisfactory.

Plan membership data are summarized below. For comparison, we have also summarized corresponding data from the previous valuation.

	January 1, 2022	July 1, 2019
Active Members – with DB SERP entitlement		
Number	14	35
Average pensionable earnings[3]	$327,309	$318,841
Average years of Pensionable Service	17.8	20.9
Average age	57.0	55.5
Average Notional Account Balance	$396,492	$405,222
Average Frozen RAA Account Balance	$440,039	$404,366
Active Members – with DC SERP entitlement		
Number	34	32
Total Notional DC Account Balance	$2,965,822	$1,940,884
Average Notional DC Account Balance	$87,230	$60,653
Salary Continuance Members		
Number	5	5
Average pensionable earnings	$304,888	$245,962
Average years of Pensionable Service	24.9	20.9
Average age	57.9	55.3
Average Notional Account Balance	$601,776	$287,021
Deferred Pensioners		
Number	85	85
Average pensionable earnings	$188,423	$180,925
Average years of Pensionable Service	16.4	16.7
Average age	59.3	57.3
Average Notional Account Balance	$387,809	$326,050
Pensioners and Survivors		
Number	170	152
Average age	70.0	68.9
Average Monthly Guaranteed Pension	$834	$949
Average Monthly Non-Guaranteed Pension	$2,558	$2,383

[3] Pensionable earnings are the sum of basic salaries earned in the year and the bonus paid in the year in respect of the previous year

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

	Active members			Salary Cont. members	Deferred members	Retired members	Total
	RAA Only	SERP Only	RAA & SERP				
Total at 7.1.2019	0	31	4	5	85	152	277
New entrants		-					-
Retired		(8)	(1)	(4)	(6)	19	-
Terminations:							
• Vested		(5)		(1)	6		-
• Non-vested		(1)					(1)
Salary Continuance		(4)	(1)	5			-
Paid Out							
Deaths:							
With beneficiary			(1)				(1)
Without beneficiary						(2)	(2)
New beneficiary						1	1
Total at 1.1.2022	**0**	**13**	**1**	**5**	**85**	**170**	**274**

The distribution of the active and deferred members by age and pensionable service as at the valuation date is summarized as follows:

	Active members							
	Years of Pensionable Service							
Age	0-4	5-9	10-14	15-19	20-24	25-29	30 +	Total
Under 45								
45 to 49		1		1				2
		*		*				$230,306
50 to 54						1		1
						*		*
55 to 59	1		2		1	2		6
	*		$350,777		*	$295,574		$409,470
60 to 64		1	1	1	1		1	5
		*	*	*	*		*	$220,479
65 +								
Total	1	2	3	2	2	3	1	14
Average Earnings	*	$304,042	$325,674	$173,552	$170,777	$384,549	*	$327,309

* Average earnings figures in certain cells are not shown to protect confidentiality.

	Deferred members							
	Years of Pensionable Service							
Age	0-4	5-9	10-14	15-19	20-24	25-29	30 +	Total
Under 50								
50 to 54		1	5	8	4	3		21
		*	$180,119	$205,460	$288,490	$194,436		$209,745
55 to 59		3	7	3	3	6	2	24
		$166,474	$248,088	$238,710	$150,900	$222,769	$153,289	$210,336
60 to 64		8	13	3	1	2	1	28
		$153,828	$174,471	$193,065	$132,294	$135,096	$153,638	$165,628
65 +		5	4			2	1	12
		$180,673	$141,619			$137,256	$181,360	$160,476
Total		17	29	14	8	13	4	85
Average Earnings		$162,148	$188,804	$209,929	$217,369	$189,587	$160,394	$188,423

* Average earnings figures in certain cells are not shown to protect confidentiality.

The distribution of pensioner by age as at the valuation date is summarized as follows:

Age	Pensioners and Survivors		
	Number	Average monthly guaranteed pension	Average monthly non-guaranteed pension
55 – 59	16	$112	$3,936
60 – 64	35	$220	$3,414
65 – 69	45	$253	$2,877
70 – 74	30	$451	$2,300
75 – 79	25	$1,646	$1,782
80+	19	$3,484	$489
Total	170	$834	$2,558

Appendix E
Summary of Defined Benefit Plan Provisions

This valuation is based on the plan provisions in effect on January 1, 2022.

The following is a summary of the main DB provisions of the Plan in effect on January 1, 2022. This summary is not intended as a complete description of the Plan.

Supplementary Executive Retirement Plan and RAA – DB Only

Membership

Membership in the RAA was closed as at October 29, 1999.

An Executive shall automatically become a Member of the Executive SERP if he is in the Service of the Company as an Executive on and after October 29, 1999 and is participating in the Registered Plan as an Executive.

Effective July 1, 2010, the Company shall no longer designate an employee as an Executive who is newly hired or appointed as a Director or General Manager on or after July 1, 2010. Such Directors or General Managers shall not be eligible to participate in the Executive SERP.

Effective October 1, 2014:

- A Defined Contribution Supplementary Executive Retirement Plan (DC SERP) was introduced effective October 1, 2014 for new hires and newly promoted executives between July 1, 2012 and September 30, 2014.
- The Defined Benefit Supplementary Executive Retirement Plan (DB SERP) ceased effective September 30, 2015 for existing members. The DC SERP replaced the DB SERP for these members, effective October 1, 2015.

Vesting

Under the Executive SERP, benefits vest after the member has attained 60 points (age plus service) and 5 years of service. Under the RAA all benefits are vested.

Pensionable Service

For an Executive appointed prior to July 1, 2010, pensionable service shall mean Executive's Service for periods of employment with the Company.

For an Executive appointed on or after July 1, 2010, an Executive's Service means Executive Service while an Executive.

DB accrual ceased for service on and after October 1, 2015.

Normal Retirement Date

The first day of the calendar month coincident with or next following attainment of sixty-five (65) years of age.

Normal Retirement Benefit

Under the RAA

A Member whose Service terminates for a reason other than death is entitled to receive an RAA pension in an annual amount commencing on the Member's Normal Retirement Date equal to A minus B, where A and B are defined as follows:

A. Target Pension
   1.8% of the Member's Final Average Earnings minus 1/35th of the C/QPP Pension, multiplied by the Member's Pensionable Service. For this purpose, the Final Average Earnings, C/QPP Pension and Member's Pensionable Service are all as at October 29, 1999.

   For the purpose of determining the C/QPP Pension entitlement offset only, the Member's Pensionable Service shall be limited to a maximum of 35 years.

B. Registered Plan Offset Pension
   The amount of pension that can be provided to the Member based on the number of Notional DC units as at October 29, 1999, multiplied by the unit value as at the retirement date.

Under the Executive SERP

A Member whose Service terminates for a reason other than death after the Member is vested, is entitled to receive a Supplementary Pension in an annual amount commencing on the Member's Normal Retirement Date equal to A minus (B plus C), where A, B and C are defined as follows:

A. Target Pension
   1.8% of the Member's Final Average Earnings minus 1/35th of the C/QPP Pension, multiplied by the Member's Pensionable Service.

   For the purpose of determining the C/QPP Pension entitlement offset only, the Member's Pensionable Service shall be limited to a maximum of 35 years. The amount of the C/QPP Pension is determined at pension commencement.

B. Registered Plan Offset Pension
   The amount of DB pension (if any), as well as the amount of notional DC pension (based on their Member's number of notional DC units multiplied by the notional DC unit value) payable to the Member under the Registered Plan.

C. RAA Offset Pension
   The amount of Retiring Allowance Plan benefit (if any) payable to the Member under the RAA.

Form of Pension

The normal form of pension under the RAA and the Executive SERP is life with a 120-month guarantee.

Early Retirement

If a Member's Supplementary Pension commences prior to the Member's Normal Retirement Date, the annual amount of the Target Pension:

(1) if the Member has attained age sixty-three (63) at the Pension Commencement Date, shall not be reduced; or

(2) if the Member has not attained age sixty-three (63) at the Pension Commencement Date, shall be reduced by three tenths of one percent (0.3%) for each month by which the Pension Commencement Date precedes the first day of the month coincident with or following the Member's attainment of age sixty-three (63), unless the Company in its sole and absolute discretion waives the application of this reduction.

Postponed Retirement

A Member whose Service ends after the Member's Normal Retirement Date and who is vested is entitled to receive a Supplementary Pension in an annual amount commencing on the date of the Member's retirement based on Pensionable Service and Earnings to the date of the Member's retirement.

Death Before Pension Commencement Date

If a Member who is vested dies on or after attaining age 55 and before receiving any payment under this Plan, then the Member's Spouse shall receive the pension the Member's Spouse would have received had the Member's pension commenced on the date of the Member's death payable in the joint and survivor form.

If a Member who is vested dies on or after attaining age 55 and before receiving any payment under this Plan and there is no benefit payable to a Spouse, then the Member's Beneficiary is entitled to receive the benefit that the Beneficiary would have received had the Member's pension commenced on the date of the Member's death payable in the form of a life, guaranteed for 120 months.

If a Member who is vested dies before attaining age 55, then the Member's Spouse, or Beneficiary if the Member does not have a Spouse, shall receive the commuted value of the member's supplemental pension entitlement, payable in 5 annual instalments.

Evans SERP

All benefits under the Evans SERP are survivor benefits currently being paid to Mrs. Evans for her lifetime.

Appendix F

Employer Certification

With respect to the Report on the Actuarial Valuation as at January 1, 2022, of the Hudson's Bay Company Supplementary Executive Retirement Plans I hereby certify that, to the best of my knowledge and belief:

- A copy of the official plan documents and of all amendments made up to January 1, 2022 were provided to the actuary and are reflected appropriately in the summary of plan provisions described in Appendix E.
- The membership data provided to the actuary and summarized in Appendix D included a complete and accurate description of every person who is entitled to benefits under the terms of the Plan for service up to January 1, 2022.
- All events subsequent to January 1, 2022 that may have an impact on the Plan have been communicated to the actuary.

November 24,2022

Date

Signed

Michelle Chusan

Name

Naseer G Najafi

Signed

Naseer Najafi

Name

Mercer (Canada) Limited
120 Bremner Boulevard, Suite 800
Toronto, ON M5J 0A8
+1 416 868 2000
www.mercer.ca

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

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

AFFIDAVIT OF RITA DE FAZIO

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

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

Catherine Fan LSO #: 77641P
Tel: (416) 640-1239
Email: cfan@upfhlaw.ca

Employee Representative Counsel

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.

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

RESPONDING MOTION RECORD OF EMPLOYEE REPRESENTATIVE COUNSEL

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

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

Catherine Fan LSO #: 77641P
Tel: (416) 640-1239
Email: cfan@upfhlaw.ca

Employee Representative Counsel