

Court File No. CV-19-616077-00CL

**Imperial Tobacco Canada Limited and
Imperial Tobacco Company Limited**

THIRTIETH REPORT OF THE MONITOR

August 12, 2025

**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
IMPERIAL TOBACCO CANADA LIMITED AND IMPERIAL TOBACCO COMPANY
LIMITED

**THIRTIETH REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS MONITOR**

A. OVERVIEW

1. This report (“**Report**”) was prepared in connection with FTI Consulting Canada Inc.’s (“**FTI**”) motion, in its capacity as CCAA Plan Administrator in respect of Imperial (the “**Imperial CCAA Plan Administrator**”), for an Order (the “**Banking Arrangements Order**”), among other things:
 - i. approving the engagement of BMO Trust Company (“**BMO**”) to act as (a) trustee (in such capacity, the “**Trustee**”) of the Imperial Global Settlement Trust (defined below), and (b) bare trustee (in such capacity, the “**Bare Trustee**”) pursuant to the Imperial Supplemental Trust Agreement (defined below),
 - ii. approving BMO’s proposed fees and expenses in accordance with the trustee services fee schedule (the “**Fee Schedule**”) attached as a schedule to each of the Imperial Global Settlement Trust Deed (defined below) and the Imperial Supplemental Trust Agreement (defined below),
 - iii. approving the trust deed (the “**Imperial Global Settlement Trust Deed**”) pursuant to which “The Imperial Tobacco Global Settlement Trust” (the “**Imperial Global Settlement Trust**”) will be established, and the transactions

contemplated therein, in the form attached as Schedule A to the proposed Banking Arrangements Order,

- iv. approving the Imperial Tobacco Supplemental Trust Agreement (the “**Imperial Supplemental Trust Agreement**”) which appoints the Bare Trustee as the bare trustee over the Imperial Supplemental Trust Account (defined below), and the transactions contemplated therein, in the form attached hereto as Schedule B to the proposed Banking Arrangements Order,
 - v. granting the Supplemental Trust Account Charge (defined below) over the property held in the Imperial Supplemental Trust Account, and
 - vi. approving the proposed investment guidelines pertaining to the funds held in the Imperial Global Settlement Trust and to be adhered to by the Tobacco Companies in respect of the Imperial Supplemental Trust Account attached as Schedule C to the Imperial Global Settlement Trust Deed and hereto as Schedule A (the “**Investment Guidelines**”).
2. In this Report, unless otherwise defined, all capitalized terms have the respective meanings specified in the Third Amended and Restated Court-Appointed Mediator’s and Monitor’s CCAA Plan of Compromise and Arrangement in respect of Imperial dated February 27, 2025 (the “**Imperial Plan**”).
 3. Further information regarding these CCAA Proceedings and a background on Imperial have been provided in previous reports of the Monitor.
 4. All CCAA Court materials filed and Orders issued in these CCAA Proceedings and the related Imperial Chapter 15 Proceedings are available on the Monitor’s website at: <http://cfcanada.fticonsulting.com/imperialtobacco>.
 5. This Report was prepared in coordination with the monitors of the other Tobacco Companies. The Monitor understands that the reports to be filed by such other monitors will be substantially the same as this Report.

B. PURPOSE OF THIS REPORT

6. The purpose of this Report is to provide the CCAA Court with information regarding:
 - i. the trustee selection process and the fees and expenses payable (the “**Trustee Fees**”) to BMO pursuant to the Fee Schedule;
 - ii. the Imperial Global Settlement Trust and the form of deed pursuant to which such trust is to be established;
 - iii. the Imperial Supplemental Trust Agreement and the bare trust arrangement to be established pursuant thereto;
 - iv. the Investment Guidelines; and
 - v. the Monitor’s recommendations in respect of the proposed Banking Arrangements Order.

C. THE TRUSTEE SELECTION PROCESS AND TRUSTEE FEES

7. The CCAA Plan Administrator Appointment Order authorizes the Imperial CCAA Plan Administrator to engage a trustee of the trust accounts to be established under the Imperial Plan (the “**Imperial Trust Accounts**”) and to enter into one or more deeds of trust or other agreement with such trustee in form and substance satisfactory to the CCAA Plan Administrator, subject to approval of the CCAA Court.
8. The CCAA Plan Administrators and Court-Appointed Mediator ran a request for proposals process (the “**RFP Process**”) from June 6, 2025 until July 18, 2025, to solicit bids from certain unconflicted Schedule I Banks to act as the trustee and establish the various trust accounts required under the CCAA Plans.
9. After careful consideration of the proposals by the Claimants, Applicants, and the CCAA Plan Administrators, BMO was selected, subject to approval by the CCAA Court, as the trustee of the global settlement trusts for each applicable Tobacco Company to be established pursuant to each CCAA Plan (collectively, the “**Global Settlement Trusts**”) and the bare trustee of the funds held in the supplemental trust

accounts to be established pursuant to each CCAA Plan (collectively, the “**Supplemental Trust Accounts**”).

10. BMO’s proposed services will include:

- i. establishing and administering each of the trust accounts required under each of the CCAA Plans, other than the CCAA Plan Administration Reserve Accounts (such trust accounts other than the CCAA Plan Administration Reserve Accounts, the “**Trust Accounts**”), including the Imperial Trust Accounts;
- ii. managing and investing the funds in the Global Settlement Trusts in accordance with the Investment Guidelines;
- iii. managing and investing the funds in the Supplemental Trust Accounts in accordance with instructions from each applicable Tobacco Company, or any investment manager retained by each Tobacco Company to act as its agent;
- iv. providing monthly reporting to the CCAA Plan Administrators on investment performance, portfolio composition, and receipts and disbursements of each Trust Account, including the Imperial Trust Accounts;
- v. administering distributions from and allocations among the Trust Accounts in accordance with the documents establishing such trusts, or bare trusts, as the case may be;
- vi. filing and paying taxes of the Global Settlement Trusts and complying with any applicable tax withholding requirements;
- vii. preparing an annual budget for submission to the CCAA Plan Administrators;
and
- viii. adhering to typical fiduciary or agency obligations including avoiding conflicts of interest.

11. In consideration for its services, BMO will be paid an annual fee of 0.04% of the average market value of the assets under administration in all of the Trust Accounts, subject to an annual minimum fee of \$1,000,000.
12. It is anticipated that there will be substantially fewer assets under administration following the exhaustion of the amounts in the QCAP Trust Accounts and PCC Trust Accounts to be established under each of the Tobacco Companies' CCAA Plans. Accordingly, BMO's minimum annual fee is subject to renegotiation to reflect the reduction in services required to be performed by BMO after such funds are depleted.
13. BMO will be entitled to be reimbursed for its legal and tax preparation fees and expenses and all other out-of-pocket expenses incurred in the administration of the Trust Accounts. Such expenses and the other Trustee Fees will be paid quarterly out of the funds held in the Trust Accounts following the delivery of an invoice by BMO. The Trustee Fees are further detailed in the Fee Schedule.
14. The Trustee Fees are the result of arm's-length negotiation among the CCAA Plan Administrators, the Tobacco Companies, BMO and the Claimants. All such parties have consented to the Trustee Fees. The Imperial CCAA Plan Administrator believes the proposed Trustee Fees are fair and reasonable given the scope of the duties to be performed by BMO.

D. THE IMPERIAL TRUSTS

15. The Imperial Plan requires the establishment of segregated interest bearing trust accounts to hold Contributions and Reserved Amounts until they can be distributed to the various beneficiaries thereof.
16. The forms of the Imperial Global Settlement Trust Deed and the Imperial Supplemental Trust Agreement have been prepared to facilitate the implementation and ongoing administration of the Imperial Plan (as proposed to be amended to accommodate the bare trust structure of the Supplemental Trust Account). Such forms are the result of arm's-length negotiation among the CCAA Plan Administrators, the Tobacco Companies, BMO and the Claimants. All such parties have consented to the forms

thereof. The Imperial CCAA Plan Administrator is not a party to either the Imperial Global Settlement Trust Deed or the Imperial Supplemental Trust Agreement.

The Imperial Global Settlement Trust

17. The Imperial Global Settlement Trust will be established pursuant to the Imperial Global Settlement Trust Deed between Imperial Tobacco Canada Limited (“ITCAN”), as settlor, and BMO, as Trustee. The Imperial Global Settlement Trust Deed is essentially identical to the trust deeds which settle the global settlement trusts required under each of the other Tobacco Companies’ CCAA Plans. The form of the Imperial Global Settlement Trust Deed is attached as Schedule A to the proposed Banking Arrangements Order.
18. The material terms of the Imperial Global Settlement Trust Deed include:
 - i. the legal ownership of the funds held in the Imperial Global Settlement Trust will be vested in, and administered and managed exclusively by, the Trustee in accordance with the Imperial Global Settlement Trust Deed;
 - ii. the funds held in the Imperial Global Settlement Trust will be allocated among the various Imperial Trust Accounts in accordance with a segregated trust account allocation attached to the Imperial Global Settlement Trust Deed, as may be supplemented or in effect from time to time; and
 - iii. the Trustee will make payments from the trust funds to or on behalf of the beneficiaries thereof on account of amounts which they are entitled under the CCAA Plans in accordance with a distribution plan attached to the Imperial Global Settlement Trust Deed, as may be supplemented or in effect from time to time.
19. The Imperial CCAA Plan Administrator believes that the form of the Imperial Global Settlement Trust Deed is fair and reasonable and necessary to implement and administer the Imperial Plan.

The Imperial Supplemental Trust Agreement and Supplemental Trust Account Charge

20. Based on the Tobacco Companies' financial and legal analysis, the Supplemental Trust Accounts are to be held in "bare trusts". Under this structure, the bare trustee holds bare legal title to the relevant funds, but the Tobacco Companies are the beneficial owners of such funds for all purposes, including tax, accounting and reporting purposes.
21. The Claimants are in agreement with this bare trust structure, subject to the CCAA Court approving a charge over the funds held in the Supplemental Trust Account in favour of the Collateral Agent for the benefit of the Collateral Agent and the Claimants (the "**Supplemental Trust Account Charge**"). The Banking Arrangements Order contemplates this charge and will provide the Collateral Agent with a first ranking charge over any property held in the Imperial Supplemental Trust Account. The proposed Banking Arrangements Order further provides that the Supplemental Trust Account Charge will be released upon the Imperial CCAA Plan Administrator's delivery of the Certificate of Plan Completion (as defined in the Sanction Order).
22. In accordance with the bare trust structure, the Bare Trustee acts as agent for, and takes instructions solely from each applicable Tobacco Company, as beneficial owner, or from any investment manager retained by the applicable Tobacco Company with respect to investments of the property held in the Supplemental Trust Accounts. Accordingly, the Imperial Supplemental Trust Agreement requires the Bare Trustee to provide monthly reporting to the Imperial CCAA Plan Administrator to ensure ITCAN's instructions or any instructions provided by any investment manager retained by ITCAN to act as its agent, and the investment of the funds held in the Imperial Supplemental Trust Account, are in accordance with the proposed Investment Guidelines.
23. The Imperial Supplemental Trust Account will be established pursuant to the Imperial Supplemental Trust Agreement between ITCAN, and BMO, as Bare Trustee. The Imperial Supplemental Trust Agreement is essentially identical to the agreements creating the bare trusts to be established under each of the other CCAA Plans. The form

of the Imperial Supplemental Trust Agreement is attached as Schedule B to the proposed Banking Arrangements Order.

24. The material terms of the Imperial Supplemental Trust Agreement include:
- i. the Bare Trustee will exclusively hold the Reserved Amounts required by the CCAA Plans to be transferred to the Imperial Supplemental Trust, which will be held in the to-be-established supplemental trust account (the “**Imperial Supplemental Trust Account**”), for and on behalf of ITCAN,;
 - ii. ITCAN will retain the equitable and beneficial interest in the funds held in the Imperial Supplemental Trust Account;
 - iii. the Bare Trustee will hold bare legal title in and to the funds in the Imperial Supplemental Trust Account for and on behalf of ITCAN and will have no equitable or beneficial interest whatsoever therein;
 - iv. the Bare Trustee will be required to release funds from the Imperial Supplemental Trust Account in accordance with instructions from ITCAN that are in accordance with Section 5.5 of the Imperial Plan or as otherwise directed by the Court;
 - v. the Bare Trustee will take directions to make payments solely from ITCAN; and
 - vi. if there are residual moneys in the Imperial Supplemental Trust Account after the expiry of the Contribution Period, all remaining funds in the Imperial Supplemental Trust Account will be transferred to ITCAN.
25. In order to reflect this bare trust structure sought by the Tobacco Companies and agreed to by the Claimants, the CCAA Plans will be required to be amended. The Monitors intend to bring a further motion reflecting these and other amendments to the CCAA Plans prior to the Plan Implementation Date.

26. The Imperial CCAA Plan Administrator believes that the form of the Imperial Supplemental Trust Agreement is fair and reasonable and necessary to implement and administer a bare trust structure under the Imperial Plan.

E. THE INVESTMENT GUIDELINES

27. Pursuant to the Imperial Plan, the Contributions and Reserved Amounts to be paid into the Imperial Trust Accounts are to be invested in accordance with approved investment guidelines, pending disbursement to the Claimants and any other applicable payees.
28. The proposed Investment Guidelines adhere to the requirements of the CCAA Plans (subject to approval by the CCAA Court), and have been developed by arm's-length negotiation among the CCAA Plan Administrators, BMO, the Tobacco Companies and the Claimants.
29. The objectives of the Investment Guidelines are to preserve capital, maintain a high degree of liquidity and were developed to be extremely risk adverse.
30. The proposed Investment Guidelines are attached hereto as Schedule A. The investment options under the Investment Guidelines are limited to short-duration and low-risk instruments or cash equivalents (e.g., savings accounts, treasury bonds, or government money market funds).
31. The Imperial CCAA Plan Administrator believes that the proposed Investment Guidelines are rationally tailored to the stated objectives thereof and will provide the Claimants and any other applicable payees with reasonable assurance that the funds held in the Imperial Trust Accounts will not be subjected to unnecessary investment risk.

F. RECOMMENDATION

32. The Monitor submits that the proposed Banking Arrangements Order is aligned with the Imperial Plan and will facilitate the restructuring of the Tobacco Companies. Without the Banking Arrangements Order, the implementation of the Imperial Plan would not be possible.

33. Imperial, the other Tobacco Companies and the Claimants have consented to the form of Banking Arrangements Order, the granting of the Supplemental Trust Account Charge, and the forms of (i) the Imperial Global Settlement Trust Deed, (ii) the Imperial Supplemental Trust Agreement, (iii) the Fee Schedule and (iv) the Investment Guidelines. The Monitor does not expect any party will oppose the motion.
34. No party will be prejudiced by the proposed Banking Arrangements Order. The balance of convenience, the interests of justice and the merits of the motion favour granting the Banking Arrangements Order.
35. For all the foregoing reasons, the Monitor recommends that the Banking Arrangements Order be granted.

The Monitor respectfully submits this Thirtieth Report.

Dated this 12th day of August, 2025

FTI Consulting Canada Inc.

FTI Consulting Canada Inc.

in its capacity as Monitor of Imperial Tobacco Canada Limited and Imperial Tobacco Company Limited, and not in its personal capacity

Schedule "A"

Investment Guidelines

For the Imperial Tobacco Global Settlement Trust

Date: [Insert Date]

1. Purpose

These Investment Guidelines govern the investment of funds held in the Imperial Tobacco Global Settlement Trust.

2. Applicability

These Investment Guidelines apply to:

- The Imperial Tobacco Global Settlement Trust and its segregated and following related custody accounts:
 - Global Settlement Trust Bank Account,
 - PCC Bank Account,
 - QCAP Bank Account,
 - Cy-près Bank Account,
 - Miscellaneous Claims Fund Account,
 - PCC Compensation Plan Reserve Account.
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3. Investment Objectives

The investment objectives are common across all accounts to which this policy is applicable to.

The objectives are as follows:

- Preservation of capital,
 - A high degree of liquidity, such that all disbursements—both scheduled and ad hoc—can be funded on reasonable notice, and
 - Generate modest returns through interest-bearing accounts and low-risk investment.
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4. Permitted Investments

Investments must be limited to low-risk, short-duration instruments, including:

- Interest-bearing treasury accounts,
- Government of Canada-issued treasury bills and bonds,
- Provincial-issued treasury bills and bonds,
- Federal and provincial government agency debt obligations,
- Municipal debt obligations,
- Bearer deposit notes,
- AAA-rated or government-guaranteed mortgage-backed securities,
- Bank and trust company deposits,
- Short-term investment certificates,
- Money market funds, and
- High-grade commercial paper.

Quality Constraint: All instruments, where applicable, must be issued by domestic issuers and have a minimum rating of **R-1 Low** by Dominion Bond Rating Service (DBRS) or an equivalent rating from another recognized agency.

Prohibited Investments: Equities, derivatives, high-yield instruments, foreign currency exposure, or any speculative assets.

5. Asset Allocation Guidelines

In support of the objectives outlined in Section 3, each account will be restricted to those investments that provide capital preservation and high liquidity:

- 100% in cash, cash-equivalent, high-quality short duration instruments, short term investment certificates.

Asset allocation will be reviewed quarterly and adjusted as needed to meet disbursement schedules and market conditions.

6. Liquidity

Liquidity requirements are assumed to be high, with **ready access to funds** across all accounts within scope, unless otherwise determined in consultation with the CCAA Plan Administrators and taking into account the Distribution Plan attached to the Imperial Tobacco Global Settlement Trust Deed. **In such cases, short-term investment certificates may be used selectively.**

7. Risk Management

- No leverage or speculative investments,
 - Diversification across permitted instruments and issuers, and
 - Regular review of credit ratings and market conditions.
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8. Review and Amendments

These Investment Guidelines will be reviewed annually or upon material changes in:

- Market conditions,
- Legal or tax requirements, and
- Trust structure or disbursement schedules.

Amendments require approval from the CCAA Court.

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LIMITED AND IMPERIAL TOBACCO COMPANY LIMITED

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Proceeding commenced at Toronto

THIRTIETH REPORT OF THE MONITOR
August 12, 2025

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