

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 AND ARRANGEMENT OF
JTI-MACDONALD CORP.

Applicant

THIRTY-SECOND REPORT TO THE COURT
OF DELOITTE RESTRUCTURING INC.,
IN ITS CAPACITY AS MONITOR & CCAA PLAN ADMINISTRATOR

A. Overview

1. This report ("**Report**") was prepared in connection with the motion of Deloitte Restructuring Inc. ("**Deloitte**"), in its capacity as Monitor of JTI-Macdonald Corp. ("**JTIM**") and CCAA Plan Administrator, for an Order (the "**CCAA Plan Amendment Order #3**") approving proposed additions and necessary amendments to Article 9 and certain related provisions (the "**Amendments**") of the Fourth Amended and Restated Court-Appointed Mediator's and Monitor's Plan of Compromise and Arrangement in respect of JTIM dated August 27, 2025 (the "**Fourth A&R JTIM Plan**").

2. In this Report, unless otherwise defined, all capitalized terms have the respective meanings specified in the Fourth A&R JTIM Plan, as amended by the Amendments.

3. Further information regarding the CCAA Proceeding of JTIM have been provided in previous reports of the Monitor and CCAA Plan Administrator.

4. All CCAA Court materials filed and Orders issued in the CCAA Proceeding and the related JTIM Chapter 15 Proceedings are available on the Monitor's website at: www.insolvencies.deloitte.ca/en-ca/JTIM.

B. PURPOSE

5. As prefaced in the Imperial Monitor's Twenty-Fifth Report dated January 15, 2025, there are certain matters related to the Cy-près Foundation which were deferred and not specifically addressed in the Sanction Order or the Fourth A&R JTIM Plan.

6. The purpose of this Report is to:

- (i) provide this Court with information regarding the Amendments; and
- (ii) set out the Monitor and CCAA Plan Administrator's recommendations in respect of the proposed CCAA Plan Amendment Order #3.

7. Paragraphs 8 to 22 of this Report are also set out in the 32nd Report of the RBH Monitor and the 34th Report of the Imperial Monitor.

C. PROPOSED AMENDMENTS TO THE FOURTH A&R JTIM PLAN

8. The Amendments are attached hereto as Appendix "A" and a blackline of the Amendments as against the relevant provisions of the Fourth A&R JTIM Plan is attached hereto as Appendix "B".

9. As further described below, the Amendments: (i) address administrative matters; (ii) provide for the establishment of the Cy-près Foundation management team (the "**Foundation Management Team**"); (iii) establish an independent executive search process to identify

candidates for the Foundation Directors (including the Cy-près Foundation Chair) and the Foundation Management Team; (iv) establish the process for selecting the proposals that will receive grants from the Cy-près Fund; (v) address the Cy-près Foundation Chair proposed in the Fourth A&R JTIM Plan; and (vi) set out the use of capital and income of the Cy-près Fund.

(i) Administrative Matters

10. In order to address certain administrative and deferred matters, the Amendments, among other things:

- (a) name the Cy-près Foundation: “Tobacco Cy-Près Research Foundation of Canada / Fondation canadienne cy-près de recherche sur le tabac”;
- (b) provide additional detail regarding the purpose and terms of reference of the Cy-près Foundation;
- (c) provide additional detail on the process for the establishment of the Cy-près Foundation and its approval by the CCAA Court;
- (d) establish various administrative and day-to-day operational requirements for the Cy-près Foundation; and
- (e) establish the duties of the Cy-près Foundation Board, the Cy-près Foundation Chair and the Cy-près Foundation Chief Executive Officer.

(ii) Establishment of the Foundation Management Team

11. Due to certain restrictions on remuneration of directors of not-for-profit corporations, the Amendments provide for the Foundation Management Team to oversee and ensure the effective and efficient management, administration, and operation of the Cy-près Foundation.

(iii) Executive Search Process

12. In order to ensure a comprehensive search process which identifies qualified individuals and avoids potential conflicts of interest, the Amendments provide for the retention of an independent executive search firm.

13. The Executive Search Firm will identify potential candidates to serve as the Foundation Directors, including the Cy-près Foundation Chair, and the Foundation Management Team. The Executive Search Firm will then make recommendations to the PCC Representative Counsel and the CCAA Plan Administrators.

14. The Executive Search Firm has been selected and its engagement will only be finalized if Plan Amendment Order #3 is granted.

15. The Amendments also specifically set out the requirements for the members of the Cy-près Foundation Board who individually or collectively will have certain knowledge, training or experience to govern, administer and manage the Cy-près Foundation and fulfil their primary duty and responsibility to select the research, programs and/or initiatives that will be approved for funding from the Cy-près Fund each year.

16. The Amendments establish that the appointment of all Foundation Directors shall be subject to the approval of the CCAA Court.

(iv) Selection Process for Cy-près Fund Grants

17. The Amendments establish a process to be administered by the Foundation Management Team and overseen by the Foundation Board. Proposals may be submitted to the Cy-près Foundation for funding from the Cy-près Fund and any Proposals received through this process will be reviewed by the Foundation Management Team in accordance with the guiding principles of Rational Connection, Materiality, Proportionality and Conflict of Interest, which are set out in greater detail in the Amendments.

18. The Amendments provide for a process for the recruitment of Peer Reviewers by the Foundation Management Team to review Proposals and submit summaries, assessments and ratings of such Proposals. After the Peer Review process, Proposals will be finally reviewed and selected by the Foundation Board.

19. Details of successful Proposals will be published on the website of the Cy-près Foundation and included in an annual written report to be submitted to the CCAA Plan Administrators and the CCAA Court.

(v) Cy-près Foundation Chair

20. The existing Fourth A&R JTIM Plan proposes Dr. Bell as the Chair of the Cy-près Foundation. Given the establishment of the independent search process, it is appropriate for the integrity of that process to include the search for the Chair of the Cy-près Foundation.

21. Accordingly, the Amendments remove the proposal of Dr. Bell as the Cy-près Foundation Chair; however, Dr. Bell will be included as a candidate in the search process.

(vi) Cy-près Fund Capital

22. The Amendments establish that Grants are intended to be distributed to Grant Recipients from the income of the Cy-près Fund. However, Grants may be funded from the capital of the Cy-près Fund, provided that the CCAA Court has approved the use of capital in advance.

D. CONCLUSION AND RECOMMENDATION

23. Pursuant to section 20.4(a) of the Fourth A&R JTIM Plan, the Monitor is permitted to make amendments, restatements, modifications, or supplementations to the Fourth A&R JTIM Plan following the Meeting Order (issued October 31, 2024) with the approval of this Court and on notice to Affected Creditors and JTIM.

24. All stakeholders were provided notice at the time of the Sanction Hearing that the Monitor would need to seek one or more further Orders in the future in respect of Article 9 of the Fourth A&R JTIM Plan. The Impacted Claimants and the Tobacco Companies were consulted with respect to the Amendments.

25. The Monitor and CCAA Plan Administrator is not aware of any party which currently intends to oppose the granting of the CCAA Plan Amendment Order #3. In the view of the Monitor and CCAA Plan Administrator, no Affected Creditor will be prejudiced by the Amendments.

26. The Amendments, in each case, are required to implement the Fourth A&R JTIM Plan and are consistent with the compromise and settlement contemplated in the Fourth A&R JTIM Plan, as approved by the voting creditors and sanctioned by this Court.

27. For the reasons outlined in this Report, the Monitor and CCAA Plan Administrator supports the approval of the Amendments to Article 9 and certain related provisions of the Fourth A&R JTIM Plan and the granting of the CCAA Plan Amendment Order #3.

All of which is respectfully submitted this 28th day of July, 2026.

Deloitte Restructuring Inc.,

**Solely in its capacity as Court-appointed
Monitor and CCAA Plan Administrator of
JTIM and not in its personal capacity**

A handwritten signature in blue ink, appearing to read "Philip J. Reynolds".

Per:
Philip J. Reynolds, LIT
Senior Vice-President

Appendix “A”

Amendments to the Fourth A&R JTIM Plan

Appendix “B”

Blackline of the Amendments against the Fourth A&R JTIM Plan

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PROCEEDING COMMENCED AT TORONTO

**THIRTY-SECOND REPORT OF THE MONITOR
AND CCAA PLAN ADMINISTRATOR**
July 28, 2026

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