Court File No. BK-26-03389454-0032

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
(COMMERCIAL LIST)

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT,* R.S.C. 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF GOOD NATURED PRODUCTS PACKAGING BRAMPTON GP INC., GOOD NATURED PRODUCTS PACKAGING CANADA GP INC., GOOD NATURED PRODUCTS INDUSTRIAL CANADA GP INC., GOOD NATURED PRODUCTS INDUSTRIAL CANADA LP, GOOD NATURED PRODUCTS PACKAGING BRAMPTON LP, GOOD NATURED PRODUCTS PACKAGING CANADA LP and GOOD NATURED REAL ESTATE HOLDINGS (ONTARIO) INC.

FACTUM OF THE DEBTORS
(Returnable November 16, 2026)

November 13, 2026

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FACTUM OF THE DEBTORS

PART I - INTRODUCTION

1. On June 22, 2026, Good Natured Products Industrial Canada LP ("**Industrial LP**"), Good Natured Products Industrial Canada GP Inc. ("**Industrial GP"**), Good Natured Products Packaging Brampton LP ("**Brampton LP"**), Good Natured Products Packaging Brampton GP Inc. ("**Brampton GP**"), Good Natured Products Packaging Canada LP ("**Packaging Canada LP"**) and Good Natured Products Packaging Canada GP Inc. ("**Packaging Canada GP"**) each filed a Notice of Intention to Make a Proposal ("**NOI"**) pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA"**), and TDB Restructuring Limited ("**TDB"**) was appointed as proposal trustee (in such capacity, the "**Proposal Trustee"**). On July 10, 2026, Good Natured Real Estate Holdings (Ontario) Inc. ("**Ontario RE"** and collectively, the

"**Debtors**") filed an NOI pursuant to section 50.4(1) of the BIA, and TDB was also appointed as the Proposal Trustee.[1]

2. This factum is filed in support of the Debtors' motion for an order:

(a) authorizing and directing the distribution of the net proceeds of sale of the real property municipally described as 5 Abacus Road, Brampton, Ontario (the "**Brampton Facility**") in the amounts and to the payees set out in the Fourth Report (the "**Distribution**");

(b) releasing Christopher Emmott and Mark Shepherd, in their capacities as current and former directors of the Debtors (the "**Released Directors**"), together with the Proposal Trustee, its counsel and counsel to the Debtors (collectively, the "**Released Parties**"), from any liability arising from, relating to, or in connection with the conduct of the business and affairs of the Debtors within these NOI proceedings or for unpaid harmonized sales tax ("**HST**") liability, subject to the exceptions set out in the draft order (the "**Proposed Releases**"); and

(c) approving the Fourth Report and the activities of the Proposal Trustee described therein.

3. All facts cited herein are taken from the Fourth Report of the Proposal Trustee dated November 10, 2026 (the "**Fourth Report**"). Capitalized terms used herein that are not otherwise

[1] Fourth Report of the Proposal Trustee dated November 10, 2026 (the "**Fourth Report**") at para 1.

defined have the meanings given to them in the Fourth Report. The Proposal Trustee supports the relief sought on this motion.[2]

4. These NOI proceedings have been an orderly, self-directed liquidation. Under the direction of the Released Directors, the Debtors have sold substantially all of their operating assets and the Brampton Facility, repaid Wells Fargo Capital Finance Corporation Canada ("**Wells Fargo"**) in full and, upon the Distribution, will repay The Toronto-Dominion Bank ("**TD Bank"**) in full and provide a significant recovery to Royal Bank of Canada ("**RBC"**). The Proposal Trustee is of the view that these recoveries are better than could have been achieved in bankruptcy, receivership or other liquidation.[3]

5. The Distribution is to secured creditors whose security has been reviewed by the Proposal Trustee's independent counsel and found valid and enforceable. The Proposed Releases are targeted. Other than unpaid HST, they do not release any pre-NOI conduct, and they carve out claims covered by insurance, claims arising from gross negligence, willful misconduct or fraud, and any matter that may not be released under section 50(14) of the BIA.[4]

PART II - SUMMARY OF FACTS

A. Background

6. The Debtors manufactured and distributed sustainable packaging products, with a particular focus on plant-based packaging products in Canada and the United States.

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[2] Fourth Report at para 53.
[3] Fourth Report at paras 41-42.
[4] Fourth Report at paras 17, 47 and 52.

7. On July 28, 2026, this Court granted the Asset Approval and Vesting Order, the Real Property Approval and Vesting Order and the Ancillary Relief Order in connection with the Debtors' transactions with Jones Healthcare Group, Inc. ("**Jones"**). On October 9, 2026, the Court issued the Amended Real Property AVO to address technical changes required by Jones' lender and title insurer.[5]

8. On October 19, 2026, this Court extended the stay of proceedings to December 4, 2026. Pursuant to the endorsement of Justice Dunphy of that date (the "**October 19th Endorsement**"), the Debtors are entitled to retain $50,000 from the proceeds of sale of the Brampton Facility.[6]

B. The Brampton Facility Sale and Proposed Distribution

9. The sale of the Brampton Facility closed on November 3, 2026. The gross proceeds of sale received by Miller Thomson LLP were $15,117,930.32. After payment on closing of real estate taxes of $102,685.08 and utilities of $11,024.79, $15,004,220.45 is available for distribution.[7]

10. TD Bank holds a first-ranking mortgage, and RBC holds a second-ranking mortgage, against the Brampton Facility. The Proposal Trustee has obtained opinions from its independent counsel, Gowling WLG LLP, that the security of each of TD Bank and RBC's security is valid and enforceable.[8]

11. The Debtors propose that the net proceeds be distributed as follows:[9]

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[5] Fourth Report at paras 13-14.
[6] Fourth Report at para 2.
[7] Fourth Report at paras 15-16 and 20, and Appendices "E" and "F".
[8] Fourth Report at paras 17-18
[9] Fourth Report at para 20.

(a) TD Bank, on account of its indebtedness and fees: $12,544,303.94;

(b) TD Bank's counsel and other advisors: $79,798.35;

(c) RBC, on account of its indebtedness and legal fees: $2,287,702.82;

(d) RBC's counsel and other advisors: $16,338.34;

(e) The Debtors, pursuant to the October 19th Endorsement: $50,000.00; and

(f) Insurance and property taxes for the Ayr Facility, on consent of RBC: $26,077.00.

12. RBC has consented to the use of a portion of the proceeds of sale to pay the legal fees of TD Bank and RBC and certain insurance, utility and property tax costs relating to the Brampton Facility and Ayr Facility[10]. The sale of the Ayr Facility, over which RBC holds a first ranking mortgage, is scheduled to close at the end of November 2026 and the proceeds are expected to exceed and repay RBC's indebtedness.[11]

13. The Proposal Trustee considers the payments to TD Bank, RBC, their respective counsel, the Debtors under the October 19 Endorsement and the amounts consented to by RBC to be reasonable and appropriate and confirms that the amounts should be paid.[12]

C. The Director Releases

14. The Debtors previously underwent proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "**CCAA**") before the Supreme Court of British Columbia, which culminated in the acquisition of the Debtors' ultimate parent by an affiliate of

[10] See Fourth Report at para 41. The Ayr Facility is RBC's primary collateral against the Debtor group and is owned by 1306187 BC Limited, a wholly owned subsidiary of Good Natured Products Inc. ("**TopCo**"). TopCo is not itself in NOI proceedings.
[11] Fourth Report at para 19.
[12] Fourth Report at para 21.

Hilco Capital ("**Hilco**") on November 15, 2024. The Debtors' pre-CCAA lenders rolled their debt on exit.[13]

15. The Debtors' sole director unexpectedly resigned on January 24, 2025, leaving the Debtors without any directors or officers. Mr. Emmott, an Investment Director with Hilco, agreed to serve as a director from January 24, 2025 until October 25, 2025. Mr. Emmott's efforts as director and Hilco's efforts as shareholder were focused on returning the Debtors to profitability and to reducing their indebtedness to the Pre-CCAA Creditors. These efforts continued through 2025.[14]

16. On October 25, 2025, Mr. Emmott was replaced by Mr. Shepherd. Mr. Shepherd became Chief Executive Officer on January 24, 2025. Mr. Shepherd, with Hilco's continued involvement, continued the Debtors' efforts to find profitability and to repay the Pre-CCAA Creditors through the final quarter of 2025 and into 2026.[15]

17. Facing tariff and supply pressures on their main input, resin, the Debtors pivoted in January 2026 to focus on winding down operations and repaying their pre-CCAA debt. Hilco, through Mr. Emmott, and Mr. Shepherd determined that an orderly, self-directed liquidation would achieve more value than lender-led enforcement, particularly given that Wells Fargo, TD Bank and RBC each held first-ranking security over different assets, creating a likelihood of multiple receiverships.[16]

[13] Fourth Report at paras 23-25.
[14] Fourth Report at para 32.
[15] Fourth Report at para 35.
[16] Fourth Report at paras 36-38.

18. The Released Directors have invested significant efforts into obtaining meaningful recoveries for creditors, including scouring the market for purchasers, negotiating and closing transactions, and directing the Debtors' remaining operations to limit cash burn.[17] In particular, the Released Directors and Hilco have acted to efficiently divest the Debtors' real estate and equipment through the sale of Brampton LP's assets, Ontario RE's real estate, and the sale of the Ayr Facility. Mr. Emmott and Mr. Shepherd received no remuneration in their capacities as directors.[18]

D. The HST Arrears

19. According to the Debtors' records, Brampton LP has HST arrears that may be as high as $1,768,853 as of June 30, 2026. Approximately $458,268 pre-dates the Hilco acquisition on November 15, 2024, and the court order effecting that acquisition may have had the effect of "cleansing" that liability. Approximately $599,844 came due during Mr. Emmott's tenure and approximately $582,963 came due during Mr. Shepherd's tenure.[19]

20. Although Ontario limited partnerships do not have directors, each of the Released Directors served or serves as a director of Brampton GP, the general partner of Brampton LP. The Proposal Trustee understands that there is potential for a director of a general partner to become personally liable for HST owed by the related limited partnership.[20]

[17] Fourth Report at paras 39-40.
[18] Fourth Report at paras 28-33 and 49.
[19] Fourth Report at paras 43-44.
[20] Fourth Report at para 45.

21. The Debtors maintain directors' and officers' insurance policies, which are in runoff. The Proposal Trustee has not reviewed the policies and cannot comment on whether coverage is available for HST exposure.[21]

E. The Proposed Releases

22. The Proposed Releases are set out at paragraph 8 of the draft order and contemplates releases in favour of:

(a) Mark Shepherd and Christopher Emmott, in their capacity as current and former directors of the Debtors;

(b) the Proposal Trustee; and

(c) the Debtors and the Proposal Trustee's legal counsel.

23. In particular, the Debtors seek to release the Released Parties from any and all Released Claims, which include present and future claims based in whole or in part on act, omission, transaction, dealing or occurrence arising from, relating to, or in connection with (a) the conduct of the business and affairs of the Debtors within these NOI proceedings, and (b) unpaid HST liability.

24. The Proposed Releases do not seek to release:

[21] Fourth Report at para 50; Notice of Motion at para 18.

(a) any claim that is not permitted to be released pursuant to sections 50(14) or 178(1) of the BIA;

(b) any claim with respect to any act or omission that is determined in a final order to have constituted actual fraud, gross negligence or willful misconduct; or

(c) claims covered by the Debtors' insurance policies, to the extent of available coverage.[22]

25. The Proposal Trustee is of the view that the Proposed Releases are reasonable and that the Released Directors were necessary and meaningfully contributed to the improved recoveries for creditors in these NOI Proceedings.[23]

PART III - STATEMENT OF ISSUES, LAW & AUTHORITIES

26. The issues before the Court are whether:

(a) The Court should authorize and direct the Distribution;

(b) The Court should grant the Proposed Releases; and

(c) The Court should approve the Fourth Report and the activities of the Proposal Trustee.

[22] Fourth Report at paras 46-47 and 52.
[23] Fourth Report at paras 48 and 51.

A. The Distribution Should Be Authorized

27. This Court routinely approves distributions to senior secured creditors following Court-approved sale transactions in BIA proposal proceedings.[24]

28. In determining whether to approve a distribution, the Court considers: (a) whether the recipient's security is valid and enforceable; (b) whether the amounts owed to the recipient exceed the proposed distribution; and (c) whether the distribution would result in interest savings.[25]

29. Each factor is satisfied in this case:

(a) **Valid security**: The Trustee's independent counsel has opined that the security of TD Bank and RBC, including their respective charges against the Brampton Facility, is valid and enforceable;[26]

(b) **Amounts owing**: The distribution to TD Bank is in accordance with its payout statement. RBC's indebtedness was approximately $6,818,645 as of the date of its section 244 notices and exceeds the amount it will receive from the Distribution;[27] and

(c) **Interest savings**: Interest and fees continue to accrue on the secured indebtedness. Prompt payment preserves value for the Debtors' remaining stakeholders.

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[24] *Kingsett Mortgage Corporation v Churchill Lands United Inc*, 2024 ONSC 7127 at paras 43-44..
[25] *First Source Financial Management v. Chacon Strawberry Fields Inc.,* 2024 ONSC 7229 at paras 45-46, citing *Re Abitibibowater Inc*, 2009 QCCS 6461 at para 75.
[26] Fourth Report at para 17.
[27] Fourth Report at para 20.

30. In addition to the foregoing, the Proposal Trustee considers all of the payments reasonable and appropriate [28] and RBC, the subordinate secured creditor, consents to the payment of the fees, insurance and property tax amounts from the proceeds. [29]

B. The Proposed Releases Should Be Granted

(i) The Court has jurisdiction to grant third party releases in NOI proceedings

31. It is trite law that this Court has jurisdiction to sanction third party releases sought in NOI proceedings[30] In *Metcalfe & Mansfield Alternative Investments II Corp (Re),*[31] in which leave to appeal to the Supreme Court of Canada was refused, the Honourable Justice Blair held:

> On a proper interpretation, in my view, the CCAA permits the inclusion of third party releases in a plan of compromise or arrangement to be sanctioned by the court where those releases are reasonably connected to the proposed restructuring. I am led to this conclusion by a combination of (a) the open-ended, flexible character of the CCAA itself, (b) the broad nature of the term 'compromise or arrangement' as used in the Act, and (c) the express statutory effect of the 'double-majority' vote and court sanction which render the plan binding on all creditors, including those unwilling to accept certain portions of it. **The first of these signals a flexible approach to the application of the Act in new and evolving situations, an active judicial role in its application and interpretation, and a liberal approach to that interpretation.** The second provides the entree to negotiations between the parties affected in the restructuring and furnishes them with the ability to apply the broad scope of their ingenuity in fashioning the proposal. The latter afford necessary protection to unwilling creditors who may be deprived of certain rights [...]

32. In *Kitchener Frame*, the Honourable Justice Morawetz held that there is no principled basis on which the analysis and treatment of a third-party release in a BIA proceeding should differ from

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[28] Fourth Report at paras 18 and Appendix "A" at para 6.
[29] Fourth Report at paras 19 and 21.
[30] Endorsement of Justice J. Dietrich dated December 19, 2025, *Re Stewart's Vertical Farms Inc*, Court File No. BK-25-03241528-0031 at para 26 [*SVFI*]; *Arrangement relatif à Blackrock Metals Inc.*, 2022 QCCS 2828 at para. 130
[31] *Metcalfe & Mansfield Alternative Investments II Corp., (Re)*, 2008 ONCA 587 [*Metcalfe*]

a CCAA proceeding. Rather, His Honour held that the BIA should be interpreted in a flexible and purposive manner and, where the language of both statutes can support it, harmoniously with the CCAA.[32]

33. Under section 50(13) of the BIA, claims against directors, arising prior to the commencement of proceedings, may be compromised if they relate to the obligations of the corporation that the directors are by law liable for in their capacity as directors.[33]

34. A release need not be contained in a plan or a proposal. Courts have granted releases in favour of directors and officers in orders other than plan or proposal sanction orders, including in termination orders, approval and vesting orders and reverse vesting orders made in NOI proceedings. In *ENTREC*, the Court of Queen's Bench of Alberta released all third party claims against the debtors' directors and officers in a CCAA termination order where there would be no plan, applying the baseline considerations of appropriateness, good faith and due diligence from *Callidus*. [34]

(ii) The Lydian factors are satisfied

35. In assessing whether third-party releases are appropriate, courts have made reference to the *Metcalfe* and *Lydian* factors, recognizing that those factors are all part of a global analysis. In particular, the Court considers whether: (a) the parties to be released were necessary and essential to the restructuring; (b) the claims to be released are rationally connected to the purpose of the

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[32] *Kitchener Frame Limited (Re)*, 2012 ONSC 234 at paras 46-47, 53 and 78 [*Kitchener Frame*]; *Century Services Inc v Canada (Attorney General)*, 2010 SCC 60 at paras 24 and 47 [*Century Services*].
[33] BIA, s. 50(13).
[34] *ENTREC Corporation (Re)*, 2020 ABQB 751 at paras 1-3 and 6-9 [*ENTREC*].

restructuring and necessary for it; (c) the restructuring could succeed without the releases; (d) the released parties contributed to the restructuring; and (e) the releases benefit the debtors and their stakeholders generally. The Court also considers whether the releases are fair, reasonable and not overly broad or offensive to public policy.[35]

36. It is not necessary for each of the foregoing factors to be satisfied, nor is any single factor determinative.[36] The factors are reproduced below with their application to the facts of this case:

(a) **Necessary and essential**: Without the Released Directors, there would have been no one to direct the Debtors through these proceedings. Mr. Emmott and Mr. Shepherd, through their positions as director of Good Natured Products Inc. ("**TopCo**") and director of the Debtors, and through guiding Hilco's efforts in this process, were necessary to, and meaningfully contributed toward, the overall improved recoveries for creditors that have materialized through their efforts that started before these NOI proceedings and have continued throughout. In light of the foregoing, the Proposal Trustee is of the view that the Released Directors were necessary to the improved recoveries for creditors.[37]

(b) **Contribution**: The Released Directors have contributed significantly and in tangible ways to the NOI Proceedings. They have assisted with, among other things, ensuring the stability of the business during the NOI Proceedings, including

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[35] *Lydian International Limited (Re)*, 2020 ONSC 4006 at para 54 [*Lydian*]; *Metcalfe* at paras 70-71 and 113; *FT ENE Canada Inc. (Re),* 2019 ONSC 5793 at para 48.

[36] See R*e Green Relief Inc.*, 2020 ONSC 6837 at paras 27-28 [*Green Leaf*]; *Just Energy Group Inc. et. al. v. Morgan Stanley Capital Group Inc. et. al*., 2022 ONSC 6354 at para 67.

[37] Fourth Report at paras 29-30 and 48.

canvassing the market, negotiating and closing the Jones transactions and the Ayr Facility sale, and limiting the Debtors' cash burn. Mr. Emmott became involved as a director after the prior director's unexpected resignation and focused his time as a director on repaying creditors and finding profitability. Mr. Shepherd agreed to act as a director in an attempt to further stabilize their affairs. Neither Released Director was compensated for acting as a director.[38]

(c) **Rational connection**: The claims released are confined to the conduct of the Debtors' business within these NOI Proceedings and to unpaid HST, which accrued while the Released Directors were directing the Debtors' efforts to repay the pre-CCAA creditors. Other than HST, no pre-NOI conduct is released.[39]

(d) **Benefit to stakeholders**: The Proposed Releases will ensure finality to this restructuring process and that the Released Parties will not have any potential indemnity claims against the Debtors. As Justice Koehnen held in *Green Relief,* excluding claims recoverable under applicable directors' and officers' insurance from proposed releases is an appropriate measure to ensure that releases are appropriately circumscribed.[40] Accordingly, the Releases exclude claims that may be covered by any such insurance.

[38]Fourth Report at paras 38-41 and 49.
[39]Fourth Report at paras 44 and 52.
[40] *Green Relief,* paras 60-61.

(e) **Not overly broad**: The Releases are not overly broad, including in comparison to other releases that have been recently granted by this Court,[41] and are tailored to the specific circumstances of this case. Rather, the Releases are sufficiently narrow in the circumstances, as they both preserve (a) claims covered by insurance; and (b) claims arising from gross negligence, willful misconduct or fraud, and any matter that may not be released under section 50(14) of the BIA.[42]

(f) **Restructuring could proceed without the releases**: The Debtors acknowledge that the remaining realizations are not contingent on the Proposed Releases. This factor is not determinative. Where, as here, the released directors have already made their contribution and the restructuring has delivered better recoveries than any alternative, the releases recognize that contribution and provide the certainty and finality the proceedings require.[43]

(iii) Releases of director tax liability have been granted over CRA's objection

37. This Court has released directors from statutory tax liability as part of insolvency proceeding over the objection of the CRA.

38. For example, in *Delta 9 Cannabis*[44], the Court of King's Bench of Alberta approved releases in favour of directors and officers over the objection of the CRA, which sought to preserve director liability for unremitted excise duties under section 323 of the *Excise Tax Act* and the *Excise*

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[41] *See Field Aviation Company Inc. and Field Aviation East Ltd. (Re)*, Endorsement of Steele J. dated July 27 2026 Court File No. BK-26-03382861-0032 and Approval and Vesting Order of Justice Steele dated July 27, 2026.
[42]Fourth Report at paras 47 and 52; *Green Relief* at paras 60-61
[43]Fourth Report at para 48; *Kitchener Frame* at para 82.
[44]*Delta 9 Cannabis Inc (Re)*, 2025 ABKB 52 [*Delta 9*].

Act, 2001. The CRA's opposition arose from the proposed Approval and Reverse Vesting Order which granted the subject releases in favour of the directors. In the end, the Court granted the releases because, in part, such releases were rationally connected to the proposed transaction. The Court further reasoned that one of the directors was the lynchpin of the restructuring efforts[45] and that the CRA did not provide any evidence of bad faith on part of the directors.[46]

39. In *Atlas Global*[47], this Court approved an Approval and Reverse Vesting Order which, inter *alia*, vested out a source deduction deemed trust claim for withheld income tax. The order also released directors and officers, including pre-filing liabilities and liabilities for unpaid source deductions and excise taxes. The Honourable Justice Black held that the releases, were appropriately and rationally connected to relevant aspects of the restructuring and appropriately limited to the extent necessary.[48] His Honour further held that because the Crown could channel any claims against the directors and officers in respect of unpaid taxes to insurance, it was in no worse position than it would be in a bankruptcy scenario.[49]

40. In *Freedom Cannabis*[50], the Alberta Court of King's Bench again approved director releases over the CRA's objection, releasing the directors from potential personal liability for approximately $4.7 million in excise tax. The Court held that it was not shown that the taxpayer acted in bad faith and deliberately evaded the payment of excise tax. Rather, the Court found that the failure to remit the excise taxes arose from directors' attempts to manage the debt which

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[45] *Delta 9*, at para 117
[46] *Delta 9*, at para 137.
[47] *Atlas Global Brands Inc.*, 2024 ONSC 5570 [*Atlas*]
[48] *Atlas*, at para 101
[49] Atlas, at para 92.
[50] *Freedom Cannabis Inc (Re)*, 2025 ABKB 272 [*Freedom*]

ultimately failed in the end.[51] The Court also noted that the directors had attempted to improve taxpayer's cashflow by, among other things, foregoing compensation during their tenure.[52]

41. The same considerations apply here. The Released Directors stepped in when the Debtors had no directors, were not compensated as directors, and directed a process that has produced recoveries better than any alternative. Mr. Emmott, and Mr. Shepherd have invested significant efforts into obtaining significant and meaningful recoveries for the Pre-CCAA Creditors in these proceedings. Again, these efforts resulted in Wells Fargo being repaid in full in late August 2026 and TD Bank being repaid in full upon the Distribution being approved and effected. RBC will also receive millions of dollars of repayment from the Distribution and sale of the Ayr Property.

42. This is not a case where HST arrears are alleged to have resulted from bad faith and claims based on wrongful or oppressive conduct, gross negligence, willful misconduct or fraud. In light of the foregoing, the Proposal Trustee supports the granting of the Proposed Releases. Deference is owed to the recommendations of a court officer, so long as those recommendations are within the broad bounds of reasonableness and the officer proceeded fairly.[53] Accordingly, it is respectfully submitted that this Court ought to approve the Proposed Releases.

C. The Proposal Trustee's Activities Should Be Approved

43. The Debtors are seeking approval of the Fourth Report and the activities of the Proposal Trustee described therein.

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[51] *Freedom* at para 21 and para 40-41.
[52] *Freedom* at para 40.
[53] *Cameron Stephens Mortgage Capital Ltd v Conacher Kingston Holdings Inc*, 2025 ONCA 732 at para. 31 [*Conacher*]

44. In *Target Canada*, the Court noted that there are good policy and practical reasons to approve a court officer's reported activities, including (a) allowing the officer to bring its activities before the Court; (b) allowing an opportunity for stakeholders' concerns to be addressed; (c) enabling the Court to satisfy itself that the officer's activities have been conducted in a prudent and diligent manner; (d) providing protection for the officer not otherwise provided by statute; and (e) protecting creditors from delay that may be caused by re-litigation of steps or potential indemnity claims by the officer.[54]

45. The policy and practical reasons set out in *Target Canada* in CCAA matters also apply to BIA matters. As set out by the Supreme Court in *Century Services*, the CCAA and BIA should be read in harmony to the extent possible. Such approval is routinely granted where the officer has acted in good faith and in accordance with its mandate.[55]

46. The activities of the Proposal Trustee set out in the Fourth Report, including overseeing the closing of the sale of the Brampton Facility and reporting on the Distribution and the Proposed Releases, were necessary, consistent with the Proposal Trustee's duties and powers under the BIA, and undertaken with efficiency and reasonableness in the interests of the Debtors' stakeholders.[56]

47. In light of the foregoing, it is respectfully submitted that this Court should approve the Fourth Report and activities described therein. Such approval is routinely granted where the officer

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[54]*Re Target Canada Co*, 2015 ONSC 7574 at paras 2 and 22-23.
[55]*Century Services* at para 24; *Chacon* at para 55; *JointCraft* at para 28.
[56]Fourth Report at paras 12-21.

has acted in good faith and in accordance with its mandate and applicable legislation.[57] The Proposal Trustee has done so here, and no party has raised any concerns regarding its conduct.

PART IV - ORDER REQUESTED

48. For the reasons set out above, the Debtors request that this Court grant the proposed Distribution and Release Order.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 13th day of November, 2026.



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[57] *Chacon*, para 55; see e.g. *JointCraft*, para 28.

SCHEDULE "A"

LIST OF AUTHORITIES

1. *Kingsett Mortgage Corporation v Churchill Lands United Inc*, 2024 ONSC 7127

2. *First Source Financial Management v. Chacon Strawberry Fields Inc.,* 2024 ONSC 7229

3. *Re Abitibibowater Inc*, 2009 QCCS 6461

4. Endorsement of Justice J. Dietrich dated December 19, 2025, *Re Stewart's Vertical Farms Inc*, Court File No. BK-25-03241528-0031

5. *Arrangement relatif à Blackrock Metals Inc.*, 2022 QCCS 2828

6. *Metcalfe & Mansfield Alternative Investments II Corp., (Re)*, 2008 ONCA 587

7. *Kitchener Frame Limited (Re)*, 2012 ONSC 234

8. *Century Services Inc v Canada (Attorney General)*, 2010 SCC 60

9. *ENTREC Corporation (Re)*, 2020 ABQB 751

10. *Lydian International Limited (Re)*, 2020 ONSC 4006

11. *FT ENE Canada Inc. (Re),* 2019 ONSC 5793

12. *Re Green Relief Inc.*, 2020 ONSC 6837

13. *Just Energy Group Inc. et. al. v. Morgan Stanley Capital Group Inc. et. al*., 2022 ONSC 6354

14. Order of Justice Steele dated March 27, 2026, *Re JointCraft* Inc., Court File No. BK-26-03318323-0031

15. *Field Aviation Company Inc. and Field Aviation East Ltd. (Re)*, Endorsement of Steele J. dated July 27, 2026

16. *Delta 9 Cannabis Inc (Re)*, 2025 ABKB 52

17. *Atlas Global Brands Inc.*, 2024 ONSC 5570

18. *Freedom Cannabis Inc (Re)*, 2025 ABKB 272

19. *Cameron Stephens Mortgage Capital Ltd v Conacher Kingston Holdings Inc*, 2025 ONCA 732

20. *Re Target Canada Co*, 2015 ONSC 7574

I certify that I am satisfied as to the authenticity of every authority, and I am satisfied that every quotation from an authority that appears in the factum accurately reproduces the text of the authority.

Note: Under the Rules of Civil Procedure, an authority or other document or record that is published on a government website or otherwise by a government printer, in a scholarly journal or by a commercial publisher of research on the subject of the report is presumed to be authentic, absent evidence to the contrary (rule 4.06.1(2.2)).

Date November 13, 2026



Signature

SCHEDULE "B"

TEXT OF STATUTES, REGULATIONS & BY - LAWS

***Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3**

Claims against directors — compromise

50 (13) A proposal made in respect of a corporation may include in its terms provision for the compromise of claims against directors of the corporation that arose before the commencement of proceedings under this Act and that relate to the obligations of the corporation where the directors are by law liable in their capacity as directors for the payment of such obligations.

Exception

(14) A provision for the compromise of claims against directors may not include claims that

(a) relate to contractual rights of one or more creditors arising from contracts with one or more directors; or

(b) are based on allegations of misrepresentation made by directors to creditors or of wrongful or oppressive conduct by directors.

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT,* R.S.C. 1985, c. B-3, AS AMENDED
AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF GOOD NATURED PRODUCTS INC. et al.

Court File No. BK-26-03389454-0032

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding Commenced at
Toronto

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