

# Schedule B — Mandate of the Audit Committee

## Overall Purpose / Objective

The Audit Committee (the “**Audit Committee**”) is appointed by the Board of Directors (the “**Board**”) of Parkland Corporation (the “**Corporation**”) to oversee the financial reporting process with a goal of ensuring the balance, transparency and integrity of published financial information of the Corporation. The Audit Committee will also review: the effectiveness of the Corporation's internal financial control and risk management system; the effectiveness of the internal audit function; the independent audit process including recommending the appointment and assessing the performance of the external auditor of the Corporation; and the Corporation's process for monitoring compliance with laws and regulations affecting financial reporting.

The Corporation will comply with the policies and procedures overseen or reviewed by the Audit Committee and use its best efforts to ensure that these policies and procedures are implemented.

In performing its duties, the Audit Committee will maintain effective working relationships with the Board, management and the external auditors. To perform his or her role effectively, each Audit Committee member (“**Members**”) will need to develop and maintain his or her skills and knowledge, including an understanding of the Audit Committee's responsibilities and of the Corporation's business operations and risks.

The Members will be financially literate and independent as defined by National Instrument 52-110 — *Audit Committees* (“**NI 52-110**”).

Although the Audit Committee has the powers and responsibilities set forth in this mandate, the role of the Audit Committee is oversight. The Members are not full-time employees of the Corporation and may or may not be accountants or auditors by profession or experts in the fields of accounting or auditing and, in any event, do not serve in such capacity nor are they experts in performing other tasks they are called on to perform by this mandate. Consequently, it is not the duty of the Audit Committee to conduct audits or to determine that the Corporation's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the external auditor.

The Terms of Reference for Board and Committees set out the procedural requirements generally applicable to committees of the Board and as such, are incorporated by reference herein.

## Authority

The Board authorizes the Audit Committee, within the scope of its responsibilities, to:

- a) perform activities within the scope of this mandate;
- b) engage and compensate independent counsel and other advisers as it deems necessary to carry out its duties;
- c) ensure the attendance of officers at meetings as appropriate;
- d) request and gain access to members of management, employees and relevant information to perform this mandate;
- e) establish procedures for dealing with the confidential, anonymous submissions by employees of the Corporation regarding accounting, internal control or auditing matters;
- f) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters;
- g) subject to applicable law and the rights of shareholders and the Board, be responsible for the appointment, compensation, retention and annual scope of work of the external auditor;
- h) approve all proposed engagement fees and terms as well as reviewing policies for the provision of audit and non-audit services by the external auditors and the pre-approval of such non-audit work as required by NI 52-110; and
- i) communicate directly with the internal and external auditors.

## Organization

### Membership

- a) The Audit Committee shall consist of not less than three Members. All Members will be independent (within the meaning set forth in NI 52-110), non-executive directors of the Corporation. Replacements are appointed by the Board in case of resignation or vacancy.
- b) Each Member shall be financially literate within the meaning set forth under NI 52-110.

### Involvement of External Auditors

- a) The Audit Committee will meet with the external auditor without management present at each meeting of the Audit Committee that the external auditor attends, even if this meeting is only to determine that there are no issues that need to be discussed without management.
- b) The Audit Committee shall meet with the external auditors at least quarterly and otherwise as it deems appropriate to consider any matter that the Audit Committee or the external auditors determine should be brought to the attention of the Board or shareholders.

## Roles and Responsibilities

### Internal Control

The Audit Committee will:

- a) have oversight responsibility for management reporting on internal controls;
- b) periodically review the policies and practices of the Corporation respecting financial derivatives, financing, credit, insurance, taxation, commodities trading and related matters;
- c) oversee the Board's risk management governance processes by conducting periodic reviews with the objective of appropriately reflecting the principal risks of the Corporation's business in the mandate of the Board and its Committees;
- d) review with the external auditors of the Corporation the adequacy of internal control procedures and management information systems and make inquiries to management of the Corporation and the external auditors of the Corporation about significant risks and exposures to the Corporation that may have a material adverse impact on the Corporation's financial statements and about the efforts of the management of the Corporation to mitigate such risks and exposures;
- e) review confidential submissions by employees of the Corporation received via the Corporation's Whistleblower Hotline (which are sent directly to the Chair of the Audit Committee (the "**Audit Committee Chair**") and make appropriate recommendations to the Board regarding same;
- f) review the management of risks associated with the Corporation's information technology systems, including the effectiveness of the Corporation's cybersecurity practices;
- g) review recommendations made by the external auditors;
- h) monitor and review periodically the enterprise risk register and the management and mitigation of the Corporation's key risks;
- i) monitor practices relating to directors' and officers' expenses and the reimbursement thereof and relating to any perquisites paid to directors and officers; and
- j) review all related party transactions between the Corporation and any directors and officers, including affiliations of any directors or officers.

### Financial Reporting

The Audit Committee will:

- a) gain an understanding of the current areas of greatest financial and internal control risk and of how these are being managed;
- b) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on financial reports;
- c) oversee the periodic financial reporting process implemented by management and review the interim financial statements and management's discussion and analysis, annual financial statements and annual management's discussion and analysis, and relevant news releases or announcements and any other financial information related to the Corporation to be provided to shareholders prior to their release;
- d) recommend for approval to the Board the Corporation's audited annual and interim financial statements, related management's discussion and analysis and earnings news releases;
- e) meet with management and the external auditors to review the financial statements and the key accounting policies and judgments;
- f) review with the external auditors of the Corporation and/or management of the Corporation the results of the annual audit, and make appropriate recommendations to the Board having regard to, among other things:
  - i) the financial statements;
  - ii) management's discussion and analysis and related financial disclosure contained in continuous disclosure documents;
  - iii) significant changes, if any, to the initial audit plan;
  - iv) accounting and reporting decisions relating to significant current year and events transactions;
  - v) the management letter, if any, outlining the external auditors' findings and recommendations, together with management's response, with respect to internal controls and accounting procedures; and
  - vi) any other matters relating to the conduct of the audit, including such other matters that should be communicated to the Committee under generally accepted auditing standards;

- g) review significant adjustments, material unadjusted differences, significant disagreements with management and critical accounting policies and practices and the Corporation's responses to these queries; and
- h) ensure its compliance with all of the applicable requirements of NI 52-110 and for reporting any non-compliance with such requirements to the Board, including the reasons for such non-compliance.

#### **Compliance with Laws and Regulations**

The Audit Committee will:

- a) review the effectiveness of the system for monitoring compliance with laws and regulations;
- b) obtain regular updates from management regarding compliance matters that may have a material impact on the Corporation's financial statements or compliance policies;
- c) review the reports of management on regulatory compliance matters related to the business of the Corporation in the preparation of the financial statements; and
- d) review the findings of material reports by regulatory agencies.

#### **Working with Auditors**

The Audit Committee will:

- a) advise the external auditors (who shall report directly to the Audit Committee) of their accountability to the Audit Committee and the Board as representatives of the shareholders of the Corporation to whom the external auditors are ultimately accountable;
- b) review the professional qualification of the auditors, including background and experience of partner and auditing personnel;
- c) ensure compliance by the Corporation's external auditors with the requirements set forth in National Instrument 52-108 — *Auditor Oversight*;
- d) ensure that the Corporation's external auditors are participants in good standing with the Canadian Public Accountability Board ("**CPAB**") and participate in the oversight programs established by the CPAB from time to time and that the external auditors have complied with any restrictions or sanctions imposed by the CPAB as of the date of the applicable auditor's report relating to the Corporation's annual audited financial statements;
- e) obtain from the external auditors of the Corporation a formal written statement describing in detail all of the relationships between the external auditors and the Corporation, determine whether the non-audit services performed by the external auditors during the year have impacted their independence, ensure that no relationship between the external auditors and the Corporation exists which may affect the independence of the external auditors and take appropriate action to ensure the independence of the external auditors;
- f) review on an annual basis the performance of the external auditors and make recommendations to the Board for the appointment, reappointment or termination of the appointment and compensation of the external auditors;
- g) review all correspondence and memoranda relating to all audit and non-audit engagements provided by external auditors in relation to the Corporation's present circumstances and changes in regulatory and other requirements;
- h) discuss with the external auditor any audit problems encountered in the normal course of audit work, including any restriction on audit scope or access to information;
- i) ensure that significant findings and recommendations made by the external auditors and management's proposed response are received, discussed and appropriately acted on;
- j) discuss with the external auditor the appropriateness of the accounting policies applied in the Corporation's financial reports and/or any significant changes to the Corporation's accounting policies, principles or practices;
- k) meet separately with the external auditors to discuss any matters that the Audit Committee or auditors believe should be discussed privately;
- l) ensure the external auditors have access to the Audit Committee Chair when required;
- m) review policies for the provision of non-audit services by the external auditors and, if required, the pre-approval of such non-audit work;
- n) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation;
- o) review management's proposed internal control plan for the coming year and ensure that there is appropriate co-ordination with the external auditor; and
- p) perform all other functions required of Audit Committees by applicable regulatory authorities in connection with the termination or resignation of an auditor.

## Reporting Responsibilities

The Audit Committee will:

- a) regularly update the Board about Audit Committee activities and make appropriate recommendations;
- b) ensure the Board is aware of matters brought to the attention of the Audit Committee that may significantly impact on the financial condition or affairs of the Corporation;
- c) prepare any reports required by regulations on this mandate and activities to be included in the interim financial statements and management's discussion and analysis, annual financial statements, annual management's discussion and analysis, Annual Information Form ("**AIF**"), management information circular ("**Information Circular**") and the Corporation's Sustainability Report;
- d) review the disclosure contained in the Corporation's AIF as required by Form 52-110F1 Audit Committee Information Required in an AIF ("**Form 52-110F1**") attached to NI 52-110;
- e) if management of the Corporation solicits proxies from shareholders of the Corporation for the purpose of recommending persons to be elected as directors of the Corporation, be responsible for ensuring that the Corporation's Information Circular includes a cross-reference to the sections in the Corporation's AIF that contain the information required by Form 52-110F1;
- f) ensure the preparation and filing of each annual certificate in Form 52-109F1 – *Certification of Annual Filings* and each interim certificate in Form 52-109F2 – *Certification of Interim Filings* to be signed by each of the Chief Executive Officer and Chief Financial Officer of the Corporation in accordance with the requirements set forth under NI 52-109 – *Certificate of Disclosure in Issuers' Annual and Interim Filings* as amended from time to time;
- g) ensure that management of the Corporation establishes and maintains disclosure controls and procedures for the Corporation that are designed to provide reasonable assurance that material information relating to the Corporation, including its consolidated subsidiaries, is made known to management of the Corporation by others within those entities, particularly during the period in which the "annual filings" or "interim filings" (each as defined in NI 52-109) are being prepared and that management of the Corporation establishes and maintains internal control over financial reporting for the Corporation that has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Corporation's generally accepted accounting principles;
- h) in respect of annual filings only, ensure that management of the Corporation evaluates the effectiveness of the Corporation's "disclosure controls and procedures" (as defined in NI 52-109) as of the end of the period covered by the annual filings and cause the Corporation to disclose in the annual management's discussion and analysis its conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by the annual filings based on such evaluation; and
- i) monitor any changes in the Corporation's "internal control over financial reporting" (as defined in NI 52-109) and ensure that any change that occurred during the Corporation's most recent interim period that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting is disclosed in the Corporation's annual management's discussion and analysis.

## Evaluating Performance

The Audit Committee will:

- a) evaluate the Audit Committee's own performance, both of individual members and collectively, on a regular basis; and
- b) assess the achievements of the duties of the Audit Committee specified in this mandate and report the findings to the Board.

## Review of the Audit Committee Mandate

The Governance, Nominating and Ethics Committee, with input by all Board members and management, will review this mandate at least annually or, where circumstances warrant, at such shorter intervals as is necessary, to determine if further additions, deletions or other amendments are required.