



PARKLAND

ANNUAL INFORMATION FORM
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2019
March 30, 2020

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GLOSSARY OF TERMS

When used in this Annual Information Form the following terms have the meanings set forth below:

"2026 6.00% US Senior Notes" means the US\$500,000,000 aggregate principal amount of 6.00% senior notes with a final maturity date of April 1, 2026 issued by Parkland on March 23, 2018;

"2027 5.875% US Senior Notes" means the US\$500,000,000 aggregate principal amount of 5.875% senior notes with a final maturity date of July 15, 2027 issued by Parkland on July 10, 2019;

"2027 6.50% Senior Notes" means the \$300,000,000 aggregate principal amount of 6.50% senior notes with a final maturity date of January 21, 2027 issued by Parkland on November 21, 2018;

"5.50% Senior Notes" means the \$200,000,000 aggregate principal amount of 5.50% senior notes with a final maturity date of May 28, 2021 issued by Parkland on May 29, 2014;

"5.625% Senior Notes" means the \$500,000,000 aggregate principal amount of 5.625% senior notes with a final maturity date of May 9, 2025 issued by Parkland on September 16, 2017;

"5.75% Senior Notes" means the \$300,000,000 aggregate principal amount of 5.75% senior notes with a final maturity date of September 16, 2024 issued by Parkland on September 16, 2016;

"6.00% Senior Notes" means the \$200,000,000 aggregate principal amount of 6.00% senior notes with a final maturity date of November 21, 2022 issued by Parkland on November 21, 2014;

"Adjusted EBITDA" means Parkland's earnings before interest, taxes, depreciation and amortization but excludes costs that are not considered representative of Parkland's underlying core operating performance, including, among other items: (i) costs related to potential and completed acquisitions, (ii) non-core acquisitions and integration employee costs, (iii) business integration and restructuring costs, (iv) changes in the fair value of share-based compensation liabilities, and (v) realized foreign exchange gains and losses as a result of refinancing activities. Refer to Note 26 of Parkland's Annual Consolidated Financial Statements and Section 13 of Parkland's Annual Management Discussion & Analysis for further information;

"Board of Directors" or **"Board"** means the board of directors of Parkland;

"Bradco" means Bradco Inc.;

"Burnaby Refinery" means the 55,000 bpd light/sweet crude refinery located in Burnaby, British Columbia;

"Business Corporations Act" means the Business Corporations Act (Alberta), as amended, including the regulations promulgated thereunder;

"CCL" means Chevron Canada Limited;

"Chevron Acquisition" means Parkland's acquisition of Chevron ULC from CCL pursuant to the terms of a share purchase agreement dated April 18, 2017, as amended September 28, 2017, between Parkland and CCL, for the preliminary purchase price of \$1,460 million, plus an estimated \$186 million in working capital;

"Chevron ULC" means Chevron Canada R&M ULC;

"Common Shares" means the common shares in the capital of Parkland;

"Competition Act" means the Competition Act (Canada), as amended;

"Corporation" or **"Parkland"** means Parkland Fuel Corporation, a corporation incorporated under the Business Corporations Act and includes, where the context requires, its subsidiaries on a consolidated basis;

"Couche-Tard" means Alimentation Couche-Tard Inc.;

“Credit Agreement” means the second amended and restated senior secured credit agreement between the Corporation, certain of its subsidiaries, as borrowers, Canadian Imperial Bank of Commerce, as agent, and the financial institutions party thereto as lenders dated January 8, 2019, as may be amended from time to time;

“Credit Facilities” means credit facilities available under the Credit Agreement, as further described under “Description of Capital Structure – Indebtedness – Credit Agreement” herein;

“CST Acquisition” means Parkland’s acquisition of the majority of the Canadian business and assets of CST Brands, Inc. from Couche-Tard;

“Elbow River” means Elbow River Marketing Ltd., a wholly-owned subsidiary of Parkland;

“FCPA” means the US Foreign Corrupt Practices Act, as amended, including the regulations promulgated thereunder;

“Intermediation Facility” means the amended and restated Intermediation ISDA 2002 agreement dated as of December 14, 2019 between the Corporation, Parkland Refining and a financial institution to fund a portion of the working capital requirements of the Burnaby Refinery operations as amended;

“IT” means information technology;

“JOURNIE” means Parkland’s rewards and customer loyalty program;

“KB Oil” means Ken Bettridge Distributing Inc.;

“KB Oil Acquisition” means Parkland’s acquisition of substantially all of the assets that comprise KB Oil pursuant to the terms of an asset purchase agreement dated May 9, 2019;

“Kellerstrass” means Kellerstrass Oil Company LLC;

“LPG” means liquefied petroleum gas;

“Mort” means Mort Distributing Inc., and its affiliates;

“MVP” means Missouri Valley Petroleum, Inc., and its affiliates;

“MVP Acquisition” means Parkland’s acquisition of all of the issued and outstanding equity interests of MVP pursuant to a merger agreement dated August 28, 2018, as amended;

“NGL” means natural gas liquids;

“Parkland Refining” means Parkland Refining (B.C.) Ltd., a wholly-owned subsidiary of Parkland;

“Pioneer Energy Acquisition” means Parkland’s acquisition of substantially all of the assets and select liabilities that comprise Pioneer Energy pursuant to the terms of an asset purchase agreement dated September 17, 2014;

“Rhinehart” means Rhinehart Oil Co., Inc., and its affiliates;

“Rhinehart Acquisition” means Parkland’s acquisition of all of the issued and outstanding equity interests of Rhinehart pursuant to the terms of a share purchase agreement dated August 13, 2018;

“ROC” means Regional Operating Centre;

“Senior Note Indentures” means, collectively, the trust indenture dated May 29, 2014 governing the terms of the 5.50% Senior Notes, the trust indenture dated November 21, 2014 governing the terms of the 6.00% Senior Notes, the trust indenture dated September 16, 2016 governing the terms of the 5.75% Senior Notes, the trust indenture dated May 9, 2017 governing the terms of the 5.625% of Senior Notes, the trust indenture dated March 23, 2018 governing the terms of the 2026 6.00% US Senior Notes, the trust indenture dated November 21, 2018 governing the terms of the 2027 6.500% Senior Notes and the trust indenture dated July 10, 2019 governing the terms of the 2027 5.875% US Senior Notes;

“Senior Notes” means, collectively, the 5.50% Senior Notes, 6.00% Senior Notes, 5.75% Senior Notes, 5.625% Senior Notes, 2026 6.00% US Senior Notes, 2027 6.50% Senior Notes and 2027 5.875% US Senior Notes;

“Shareholders” means the holders of Common Shares;

“SIL” means Sol Investments SEZC;

“Sol” means collectively, SIL and its subsidiaries;

“Sol Business Combination Agreement” means the agreement between Estrella Holdings Limited, a wholly-owned subsidiary of Parkland, and Sol Limited, dated October 9, 2018 whereby Parkland agreed to indirectly acquire 75% of the issued and outstanding shares in the capital of SIL;

“Sol Transaction” means the indirect acquisition by Parkland of 75% of the issued and outstanding shares in the capital of SIL pursuant to the Sol Business Combination Agreement;

“Subscription Receipts” means the 9,430,000 subscription receipts issued by Parkland on September 7, 2016 at a price of \$24.50 per Subscription Receipt for aggregate gross proceeds of \$231,035,000. Each Subscription Receipt entitled the holder thereof to receive one Common Share upon the closing of the CST Acquisition;

“TMPL” means Trans Mountain Pipeline, which carries crude and refined product from Alberta to the coast of British Columbia, owned by the Trans Mountain Corporation;

“TRIF” means total recordable injury frequency;

“Tropic” means Tropic Oil Company, LLC;

“Tropic Acquisition” means Parkland’s acquisition of all of the issued and outstanding equity interests of Tropic pursuant to the agreement dated September 5, 2019;

“TSX” means the Toronto Stock Exchange; and

“USA” means the operating segment of Parkland comprising its US subsidiaries that carry on the business of providing services to commercial, industrial, retail and residential customers in the United States.

PRESENTATION OF INFORMATION

Unless otherwise noted, the information contained in this annual information form (“**Annual Information Form**” or “**AIF**”) is given as at or for the year ended December 31, 2019. All dollar amounts are in Canadian dollars unless otherwise noted. Unless the context otherwise requires, all references to the “Corporation” and to “Parkland”, “we”, “our” and “us” herein refer to Parkland Fuel Corporation and its subsidiaries on a consolidated basis. Capitalized terms not defined in the body of this Annual Information Form will have the respective meanings set out in the section “Glossary of Terms” section of this Annual Information Form.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Annual Information Form contains forward-looking statements. Many of these statements can be identified by words such as “believe”, “plan”, “expect”, “could”, “seek”, “would”, “will”, “intend”, “strategy”, “project”, “anticipate”, “target”, “estimate”, “continue”, or similar words and expressions. In particular, this Annual Information Form contains forward-looking statements with respect to, among other things, business objectives of the Corporation, the integration of completed acquisitions, results of operations, performance, business projects, strategy and opportunities, the expected impact of acquisitions, execution of supply strategies, the expected impact of the COVID-19 pandemic on the Corporation’s business, volume growth, expected impact of management systems and programs and financial results.

The forward-looking information contained herein is based upon Parkland’s current views with respect to future events based on certain material factors and assumptions. As such, readers are urged to consider the factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements contained in this Annual Information Form are based upon a number of material factors and assumptions including, without limitation:

- Parkland’s ability to successfully execute its business and growth strategies;
- the regulatory framework that governs the operation of Parkland’s business;
- the effect the COVID-19 pandemic on Parkland’s business;
- Parkland’s ability to successfully integrate acquired assets and businesses into Parkland’s operations;
- commodity prices for gasoline, diesel, propane, lubricants, heating oil and other petroleum products;
- crack spreads per barrel;
- financial market conditions, including interest rates and exchange rates;
- Parkland’s future debt levels;
- Parkland’s ability to generate sufficient cash flows from operations to meet its current and future obligations;
- future capital expenditures to be made by Parkland;
- access to and terms of future sources of funding for Parkland’s capital program;
- Parkland’s ability to win new customers in the various markets where it operates; and
- Parkland’s ability to identify suitable acquisition targets.

These forward-looking statements involve numerous assumptions, known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The forward-looking information contained herein is based upon the Corporation’s current views with respect to future events based on certain material factors and assumptions and are subject to certain risks and uncertainties, including without limitation, changes in market, competition, governmental or regulatory developments, and general economic conditions and other factors under the heading “Risk Factors” in this Annual Information Form. More specifically, certain material factors and assumptions that could cause actual results to vary materially from those anticipated including, without limitation:

- regulatory framework that governs the operation of the Parkland’s business;
- general market conditions, including the duration and effect of the COVID-19 pandemic;
- micro and macro-economic trends and conditions;

- ability to execute on our business and growth strategy and realize the benefits therefrom;
- ability to realize the benefits from our core capabilities;
- ability to capture value in each step of the value chain;
- ability to realize on the expected benefits, synergies and opportunities from acquisitions;
- ability to secure future capital to support and develop our business, including the issuance of additional Common Shares;
- effectiveness of Parkland's management systems and programs;
- factors and risks associated with retail pricing and margins;
- availability and pricing of petroleum product supply;
- volatility of crude oil prices;
- the competitive environment of our industry in the jurisdictions in which Parkland operates;
- environmental impact;
- risk of pending or future litigation;
- interest rate fluctuation;
- availability of capital and operating funds; and
- the matters set out under the heading "Risk Factors" in this Annual Information Form and such other risk factors as are identified in the annual consolidated financial statements and management's discussion and analysis for the year ended December 31, 2019 which are deemed to be incorporated by reference into this Annual Information Form.

The foregoing factors are not exhaustive. Many factors could cause the Corporation's or any particular business segment's actual results, performance or achievements to vary from the forward-looking information in this Annual Information Form. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this Annual Information Form as intended, planned, anticipated, believed, sought, proposed, estimated or expected. As such, readers are urged to consider the factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on these forward-looking statements.

Additional information on these and other factors that could affect the Corporation's operations or financial results is discussed in this Annual Information Form, including our Management's Discussion and Analysis for the year ended December 31, 2019 (available under the Corporation's profile on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com or the Corporation's website at www.parkland.ca), which is incorporated by reference in this Annual Information Form.

The forward-looking statements speak only as of the date of this Annual Information Form and the Corporation does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law. The forward-looking statements contained in this Annual Information Form are expressly qualified by these cautionary statements.

CORPORATE STRUCTURE

Parkland Fuel Corporation

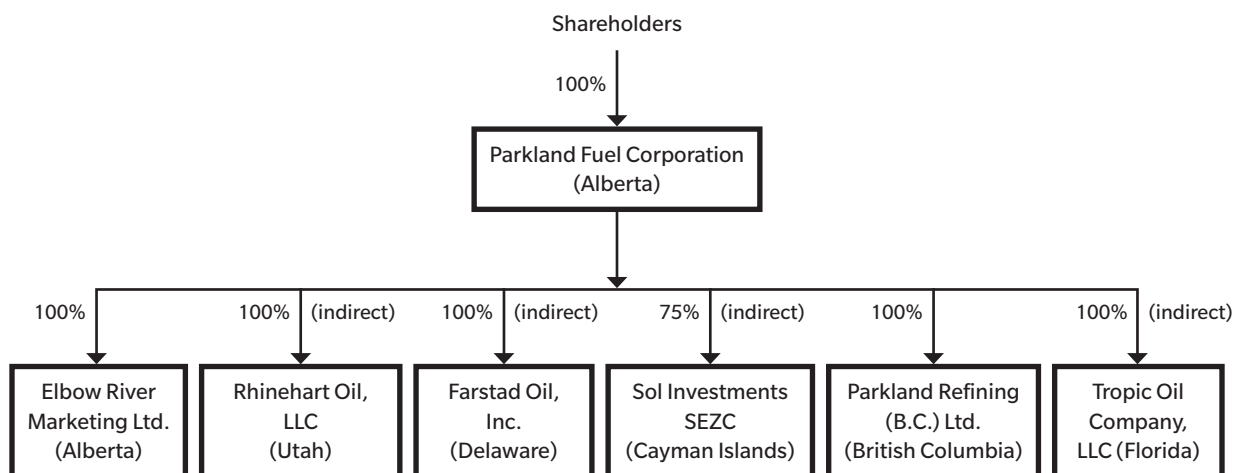
Parkland was incorporated on March 9, 2010 under the Business Corporations Act for the purpose of participating in a corporate reorganization implemented effective December 31, 2010 under Section 193 of the Business Corporations Act, pursuant to which Parkland's predecessor public entity reorganized from an income fund into a corporate structure. The Common Shares are listed on the TSX under the symbol "PKI" and began trading on the TSX on January 7, 2011.

Parkland conducted a reorganization of its corporate structure effective January 1, 2017, pursuant to which, among other things, Parkland Fuel Corporation and its wholly-owned subsidiary, Parkland Industries Ltd., effected a vertical short form amalgamation pursuant to Section 184(1) of the Business Corporations Act with the amalgamated entity retaining the name of Parkland Fuel Corporation (the "Internal Reorganization"). Following the Internal Reorganization, Parkland Fuel Corporation is both the public entity and principal operating entity in Canada.

The registered office and head office of the Corporation is located at 1800, 240 4th Avenue SW, Calgary, Alberta T2P 4H4.

Subsidiaries of the Corporation

The following organization chart presents the name and the jurisdiction of certain of Parkland's subsidiaries as at December 31, 2019. The assets and revenues of excluded subsidiaries individually did not exceed 10%, and in the aggregate did not exceed 20%, of the total consolidated assets or total consolidated revenues of Parkland as at and for the year ended December 31, 2019.



GENERAL DEVELOPMENT OF THE BUSINESS

Parkland is a leading convenience store operator an independent marketer of fuel and petroleum products in the Americas. Parkland serves customers through three channels: retail, commercial and wholesale, and optimizes its fuel supply across these channels by operating the Burnaby Refinery and leveraging a growing portfolio of supply relationships and storage and terminal infrastructure. Parkland's retail channel provides trusted and locally relevant fuel brands and convenience store offerings, including under the On the Run / Marché Express banners, in the communities it serves. The commercial channel delivers fuel, including diesel, home heating oil and propane, and provides related services to industrial customers and residential customers who tend to be located in rural communities. Parkland's wholesale channel is focused on serving large industrial clients, and wholesale and reseller customers.

Three Year History

2020 Updates

On March 30, 2020, Parkland announced a reduction in its 2020 Capital Expenditure program, the withdrawal of its 2020 Adjusted EBITDA guidance, reiterated its financial strength and other corporate updates in response to the uncertain economic impact of novel coronavirus ("COVID-19"). See the press release dated March 30, 2020 for further details, which is available on Parkland's profile on SEDAR at www.sedar.com.

On January 16, 2020, Parkland announced that it had entered into an agreement to indirectly acquire the entities and assets comprising the Salt Lake City based Kellerstrass Oil Company with branches in Utah, Idaho and Wyoming. The transaction strengthens Parkland's existing Rockies ROC and brings highly efficient trucking, routing and distribution, strategic rail spur and storage assets, commercial cardlocks and 84 dealer retail locations. The transaction closed on February 14, 2020.

2019

On January 8, 2019, Parkland announced that it had completed the indirect acquisition of 75% of the shares of SIL. The purchase price consideration totaled \$1,350 million, consisting of cash consideration of \$960 million net of estimated cash assumed, working capital adjustments and gain on a US dollar currency hedge and fair value of share consideration of \$423 million (representing 12.2 million Common Shares calculated using the trading price of \$34.56 per share). Following the closing of the Sol Transaction, Simpson Oil Limited (formerly Sol Limited) held 9.9% of the Common Shares of Parkland and the remaining 25% of SIL.

The assets and infrastructure acquired by Parkland as part of Sol Transaction consisted of: (i) Sol's retail businesses, which currently includes 259 company-owned or company-leased sites and 237 dealer-owned and dealer-operated sites under brands such as Esso, Shell and Sol; (ii) Sol's supply and distribution businesses, which included owned or leased infrastructure assets including 32 import terminals, seven pipelines, three marine berths and ten charter ships; (iii) Sol's commercial and industrial businesses, which supply gasoline, diesel, fuel oil, propane and lubricants; and (iv) Sol's aviation businesses, which operated in 13 countries.

The Sol Transaction extends Parkland's supply reach globally and builds on Parkland's supply advantage strategy, provides Parkland a significant South American and Caribbean growth platform for future strategic initiatives, as well as access to key markets in 23 countries and comprehensive supply infrastructure in the Caribbean and northern coast of South America. The Sol Transaction was a significant acquisition under National Instrument 51-102 and a business acquisition report was filed on March 25, 2019 in respect of the Sol Transaction and is available under the Corporation's profile on SEDAR at www.sedar.com.

In connection with the Sol Transaction, Estrella Holdings Limited, Parkland's wholly-owned subsidiary, and Sol Limited entered into a shareholder agreement in respect of SIL (the "Sol Shareholder Agreement"). The Sol Shareholder Agreement includes a put right for Sol Limited to sell and a call right for Estrella Holdings Limited to acquire the remaining interest in Sol at a proportionate purchase price based on Sol's trailing-twelve-month adjusted earnings before interest, taxes, depreciation and amortization, multiplied by 8.5 and other adjustments calculated pursuant to the Sol Shareholder Agreement. Estrella Holdings Limited has the right to refuse the exercise by Sol Limited of its put right on up to two occasions.

Concurrently with the closing of the Sol Transaction, Parkland entered into the Credit Agreement – See “Description of Capital Structure – Indebtedness - Credit Agreements” for further details.

On June 1, 2019, Parkland completed the acquisition of substantially all the assets of KB Oil, a bulk fuel and lubricants distributor and operator of fleet fueling, convenience stores and cardlock services in Southwest Utah and Southeast Nevada. The acquisition of KB Oil’s assets continued Parkland’s US growth strategy of establishing scale and was incorporated into Parkland’s Rockies ROC headquartered in American Fork, Utah.

On July 10, 2019, Parkland announced the closing of its private placement of the 2027 5.875% US Senior Notes. The notes bear interest at a rate of 5.875% per annum and were priced at par. Parkland used net proceeds from this offering to repay in full the US Term Loan Facility due 2021 and to repay certain amounts outstanding under its revolving Credit Facilities. See “Description of Capital Structure – Indebtedness – 2027 5.875% US Senior Notes”.

On September 5, 2019, Parkland announced the agreement to acquire all of the issued and outstanding equity interests of Tropic. Through the Tropic Acquisition, Parkland added a third ROC in the United States and expanded Parkland’s presence in the southeastern US in line with Parkland’s US growth strategy through the addition of a quality regional operator in a region that compliments Parkland’s Caribbean business and supply advantage. The transaction closed on October 1, 2019.

On October 17, 2019, Parkland announced the launch of JOURNIE with Canadian Imperial Bank of Commerce as its strategic banking partner. The launch of JOURNIE brings Parkland’s national network of fuel retail sites and On the Run/Marché Express convenience stores under a single proprietary rewards program with compelling fuel and merchandise offers, Canada-wide.

On December 17, 2019, Parkland announced the completion of the acquisition of the assets of Mort. The Mort acquisition complements and strengthens Parkland’s existing Northern Tier ROC and allows Parkland to further capture distribution efficiencies and enhance customer services across the Northern Tier ROC.

2018

On March 23, 2018, Parkland announced the closing of its private offering of the 2026 6.00% US Senior Notes. The notes bear interest at a rate of 6.0% per annum and were priced at par. The net proceeds from this offering were used to repay certain outstanding amounts borrowed under the Credit Facilities. See “Description of Capital Structure – Indebtedness – 2026 6.0% US Senior Notes”.

On April 9, 2018, Parkland announced the successful completion of a turnaround event at the Burnaby Refinery.

On August 13, 2018, Parkland closed the acquisition of all issued and outstanding equity interests of Rhinehart, a retail, commercial and lubricants business with operations in Utah, Colorado, Wyoming and New Mexico. The businesses acquired pursuant to the Rhinehart Acquisition include ten distribution facilities, nine retail sites and four cardlock facilities. The Rhinehart Acquisition provided Parkland with talented staff and scalable infrastructure needed to establish a ROC in the Rocky Mountain tributary. Rhinehart’s operation platform was a driver of organic growth and enabled further acquisitions across the region that can leverage substantial existing capacity within current rail hubs, bulk storage terminals, and warehouses. See “Risk Factors – Acquisition and Integration”.

On October 10, 2018, Parkland announced that it had entered into the Sol Business Combination Agreement, pursuant to which Parkland indirectly acquired 75% of the issued and outstanding shares in the capital of SIL.

On October 31, 2018, Parkland completed the acquisition of all outstanding equity interests of MVP. MVP is a retail, wholesale and lubricants business that distributes approximately 320 million litres of fuel and petroleum products annually and operates throughout North Dakota. The businesses acquired pursuant to the MVP Acquisition included three bulk plant terminals co-located with cardlock facilities, six retail sites with convenience stores, and a number of branded dealer arrangements. The MVP Acquisition accelerated the growth of Parkland’s North Dakota business, particularly in the commercial fuel market.

On November 21, 2018, Parkland announced the closing of its private placement of the 2027 6.50% Senior Notes. The notes bear interest at a rate of 6.50% per annum and were priced at par. The net proceeds from this offering were used to repay amounts drawn on the Credit Facilities. See “Description of Capital Structure – Indebtedness”.

On November 26, 2018, Parkland completed the acquisition of substantially all of the assets of Bradco. Bradco was a provider of petroleum products, including lubricants and specialty products, and services to customers throughout the southwest United States. Bradco's business included the distribution of bulk oils from warehouses and terminals to locations in Arizona and New Mexico and four cardlock facilities located in Arizona.

2017

On May 9, 2017, Parkland announced the closing of its private placement of (i) Common Shares for aggregate gross proceeds of approximately \$662 million and (ii) 5.625% Senior Notes for aggregate gross proceeds of \$500 million. The net proceeds of the offerings were used to fund a portion of the Chevron Acquisition purchase price. See "Description of Capital Structure – Indebtedness".

On June 28, 2017, Parkland announced that it had completed the CST Acquisition. The assets acquired by Parkland as part of the CST Acquisition consisted of (i) 495 dealer and commissioned agent retail businesses, (ii) 73 commercial cardlock sites, (iii) 30 commercial and home heating sites, (iv) 159 company operated retail fuel sites and (v) a corporate presence in Montreal with a French language support structure. The CST Acquisition added the Ultramar brand to Parkland's brand profile, allowed Parkland to extend its fuel network coverage in Quebec and Atlantic Canada and further enhanced Parkland's presence in Ontario. The CST Acquisition also added scale and diversity to Parkland's supply portfolio in Quebec and Atlantic Canada while enhancing Parkland's existing supply relationships. A business acquisition report related to the CST Acquisition was filed by Parkland with the applicable securities regulatory authorities on September 8, 2017 and is available under the Corporation's profile on SEDAR at www.sedar.com.

On June 28, 2017 as a result of the closing of the CST Acquisition, the holders of the Subscription Receipts automatically received one Common Share for each Subscription Receipt in accordance with the terms of the subscription receipt agreement governing the terms of the Subscription Receipts. As a result, the Subscription Receipts were delisted by the TSX after close of trading on June 29, 2017.

On October 1, 2017, Parkland Refining completed the Chevron Acquisition. Parkland acquired as part of the Chevron Acquisition (i) 129 Chevron-branded retail service stations principally located in the Greater Vancouver area, (ii) 37 commercial cardlocks located in Alberta and British Columbia, (iii) a wholesale aviation business serving the Vancouver International Airport, (iv) three terminals located in Burnaby, Hatch Point and Port Hardy, British Columbia and (v) the Burnaby Refinery. Shortly after the closing of the Chevron Acquisition, Chevron ULC and Parkland Refining completed a vertical short form amalgamation pursuant to the Business Corporations Act (British Columbia) with Parkland Refining as the amalgamated entity.

The Chevron Acquisition strengthened Parkland's supply-focused business model and added significant scale to Parkland's marketing business with the premier Chevron retail and cardlock network in British Columbia. The Burnaby Refinery is highly integrated with the retail, commercial, and wholesale businesses acquired, with approximately 85% of the refinery's production sold through the acquired marketing assets. A business acquisition report related to the Chevron Acquisition was filed by Parkland with the applicable securities regulatory authorities on December 6, 2017 and is available under the Corporation's profile on SEDAR at www.sedar.com.

DESCRIPTION OF THE BUSINESS OF THE CORPORATION

Who We Are

Parkland is an independent fuel and petroleum marketer and leading convenience store operator with operations across the Americas. Parkland serves customers through three channels: retail, commercial and wholesale, and optimizes its fuel supply across these channels by operating its Burnaby Refinery and leveraging a growing portfolio of supply relationships and storage and logistics infrastructure. Parkland provides trusted and locally relevant fuel brands and convenience store offerings, including its On the Run / Marché Express banners, in the communities it serves.

Parkland creates value for shareholders by focusing on its proven strategy of growing organically, realizing a supply advantage, acquiring prudently and integrating successfully. At the core of our strategy are our people, as well as our values of safety, integrity, community and respect, which are embraced across our organization.

Core Capabilities

While Parkland's reach extends across North America and the Caribbean, its service and value propositions are local. Parkland's core capabilities include:

- leading convenience store brands tailored to local markets, along with fuel marketing capability with the ability to provide local services through retail and commercial networks;
- broad supply and distribution infrastructure with a reach and scope that allows it to identify opportunities between markets in which other independents may not be able to capitalize;
- a diverse portfolio of regional markets, brands and products that help mitigate the risk of market, economic, operational and environmental disruptions in any one market;
- supply security through the Burnaby Refinery and supply relationships and agreements with all major refiners in the markets where Parkland operates; and
- distribution channels that provide a balanced sales portfolio of gasoline, diesel and propane that gives Parkland a competitive supply advantage and customers a broad product offering.

These core capabilities are achieved by Parkland's strategic plan which consists of the following pillars:

Grow Organically

Parkland drives organic growth by leveraging its portfolio of products and services, industry leading brands, expansive network and operational excellence to create meaningful and differentiated customer value and loyalty propositions. The company has invested capital into growth opportunities that strengthen its entire business, optimizes its supply chain to lower product costs, and leverages technology, proprietary data and its brands to continuously enhance its customer value and loyalty propositions. Parkland continuously advances and evolves these capabilities to position itself to win in each of its markets.

Supply Advantage

Parkland has built a strong supply advantage across its entire business that is underpinned by proprietary assets, supply flexibility and logistics and trading capabilities. The Company strives to enhance margins by leveraging its scale and product diversity, and sources the most economic products by leveraging its transportation and storage capacity. Parkland's supply advantage is supported by the safe and reliable operation of the Burnaby Refinery, coupled with purchasing a full suite of products from third party refiners and suppliers. The Company safely, efficiently and reliably supplies its own retail, commercial and wholesale sales network and drives incremental value through third-party sales.

Acquire Prudently and Integrate

The Company has a proven track record of identifying, acquiring and integrating leading regional operators that complement, strengthen and expand its business. Parkland is skilled at effectively integrating acquired companies, including driving operational efficiencies, capturing synergies and creating value with support from its supply advantage and marketing platform. The combination of its supply advantage, integration capabilities and experience across all fuel marketing channels positions Parkland to be a regional consolidator of often-fragmented fuel distribution market. In response to the economic

uncertainty caused by the COVID-19 pandemic, Parkland has reduced capital expenditures and other growth spending. This may also result in reduced acquisition activity in the near term. However, prudently acquiring and integrating businesses is expected to be a core part of Parkland's long-term strategy.

Enable Our Teams to Succeed

People are at the core of Parkland's strategic imperatives. We are committed to enabling our teams to succeed by recruiting and developing high-calibre people, fostering engagement, building an industry-leading organizational culture and investing in technology that supports efficiency and productivity. We champion the Parkland BOLD behaviours by empowering our employees to Build, Own, Lead and Deliver on their mandates. Our employees also embrace our Parkland values of safety, integrity, community and respect, which are at the core of everything we do. At Parkland, our employees are our most important resource and by investing in our people, we are directly contributing to the success of our organization.

Operating Segments

For the year ended December 31, 2019, Parkland's business comprised five operating segments: Canada Retail, Canada Commercial, USA, Supply and International. In addition, Parkland's business also includes a non-operating Corporate segment.

Canada Retail

Canada Retail supplies and supports a coast-to-coast network of 1,863 retail gas stations in Canada. Parkland operates under five key retail fuel brands: Ultramar, Esso, Fas Gas Plus, Chevron and Pioneer. In addition, Parkland operates a leading convenience store brand, On the Run / Marché Express, as well as other convenience store brands that will be migrated over time to the On the Run / Marché Express brand where appropriate. Parkland's multi-brand strategy, as described below, provides a robust offering to satisfy many fuel and convenience store market segments:

- **Ultramar** – Ultramar is one of the most recognized retail fuel brands in Quebec, Ontario and Atlantic Canada. Parkland has exclusive rights to use the Ultramar brand with the exception of sites retained by Alimentation Couche-Tard as part of the Ultramar Acquisition.
- **Esso** – Parkland's Esso-branded wholesaler agreement provides Parkland with the opportunity to offer Esso's nationally-recognized premium brand to Parkland's own network and to independent dealers.
- **Fas Gas Plus** – Fas Gas Plus is a community-focused independent brand that brings consumers a strong loyalty program and knowledgeable and friendly retailer operators and dealers.
- **Chevron** – Chevron is a premium brand based principally in the Greater Vancouver area with locations across British Columbia and Alberta. Other offers include Town Pantry and On the Run / Marché Express branded convenience stores and Triple O's branded franchise restaurants. Parkland is an exclusive distributor of Chevron-branded fuels in western Canada.
- **Pioneer** – Pioneer is an Ontario-based brand with high customer value, largely located in suburban/commuter markets that offers a market-leading competitive fuel price, regionally relevant loyalty program and convenient locations.
- **On the Run / Marché Express convenience store brand** – Parkland is the franchisor and trademark owner of the On the Run / Marché Express convenience store brand in Canada. On the Run / Marché Express provides Parkland with a nationally recognized and reputable convenience store brand that is expected to grow and enhance our convenience store offering in company-owned and franchise locations. As of December 31, 2019, Parkland has a total of 268 company-owned and franchised locations in Canada.

Under Canada Retail, strategic marketing initiatives continue to progress with programs designed to drive convenience store traffic, build basket size and enhance enterprise gross margin. Parkland's private label food brand, 59th Street Food Co.™, and Cargo™, offering a range of quality convenience and automotive related products, were introduced across Canada with over 30 59th Street Food Co.™ product offerings in market in 2019. Amazon Hub Lockers, which provide a self-service delivery location, were introduced in 48 locations, with additional installations as well as broader 59th Street Food Co.™ and Cargo™ products offerings planned for 2020. Implementation of strategic partnerships with select quick service restaurants ("QSRs") and other food offerings, such as M&M Frozen Foods at specific locations, continued across the network.

Business Models

Canada Retail operates under two main business models:

- **Company** – The Company business model includes sites that are owned or leased by Parkland and are operated and managed by a third-party retailer on Parkland’s behalf. Parkland owns the fuel inventory and determines the retail selling price at the pumps. Convenience store inventory may be owned by the retailer or Parkland. For retailer operated sites, Parkland pays the retailer based on its proprietary model.
- **Dealer** – The Dealer business model includes sites that are owned or leased by an independent dealer or Parkland and are operated and managed by the independent dealer. Parkland secures long-term fuel supply contracts with the dealer, usually of ten years or longer and supplies fuel to the dealer based on independently published rack prices. The dealer owns the fuel inventory and determines the retail price at the pumps, unless the inventory was consigned to the dealer by Parkland for sale to end customers, in which case Parkland owns the fuel inventory and determines the retail selling price at the pumps. Convenience store inventory is owned by the dealer. Sites operating under industry models such as “dealer-owned dealer-operated”, “company-owned dealer-operated”, or “consignment dealer-operated” are included under the Dealer business model.

In 2019, Canada Retail sales and operating revenue was \$6,333 million with fuel volume of approximately 6,890 million litres compared to sales and operating revenue of \$6,913 million and 6,905 million litres in 2018. The sales and operating revenue decreased \$203 million for the fourth quarter of 2019 and \$520 million for the year ended December 31, 2019 primarily due to low fuel and petroleum product commodity prices. See “Risk Factors” for a further description of factors which may impact Canada Retail.

Canada Commercial

Canada Commercial delivers bulk fuel, bulk and cylinder exchange propane, heating oil, lubricants and other related products and services to commercial, industrial and residential customers across Canada through an extensive delivery network. Canada Commercial also has an extensive cardlock network that includes commercial truck fueling stations and marine fuel facilities. Parkland uses a variety of regionally relevant trade names, service marks and trademarks in the businesses that are considered by Parkland to be important and valuable in marketing its products. Canada Commercial’s customer base is diverse, supplying a broad cross-section of industries across Canada including oil and gas, construction, mining, forestry, fishing and transportation. Parkland also sells propane and heating oil to residential and commercial customers. The family of brands included in this segment includes Ultramar, Bluewave Energy, Pipeline Commercial, Chevron, Columbia Fuels and Sparlings Propane.

In 2019, Canada Commercial sales and operating revenue was \$2,630 million with fuel volume of approximately 3,036 million litres compared to sales and operating revenue of \$2,880 million and 3,178 million litres in 2018. The sales and operating revenue of Canada Commercial decreased \$250 million for the year ended December 31, 2019 primarily due to portfolio management and market structural changes in BC’s forestry industry, Alberta’s low rig count and well curtailment, and unseasonably warmer weather in eastern Canada impacting the residential business. See “Risk Factors” for a further description of factors which may impact Canada Commercial.

USA

USA supports a network of gas stations and delivers bulk fuel, lubricants and other related products and services to customers throughout Arizona, Colorado, Florida, Minnesota, Montana, New Mexico, North Dakota, South Dakota, Utah and Wyoming. USA is a platform for growth in the United States and provides Parkland export opportunities for products from western Canada. Brands in this segment include Farstad Oil, Rhinehart Oil, Tropic Oil, Superpumper, and Harts. USA operations are conducted from the following divisions:

- **Wholesale** – USA manages fuel supply contracts, purchases fuel from suppliers, distributes through rail and highway carriers, and serves wholesale customers, retailers, small resellers and commercial operators. USA operates a large fleet of trucks that delivers wholesale fuels and commercial lubricants to customers.
- **Commercial** – This division operates a network of 27 fuel product terminals and bulk plants to service commercial customers in the regions that USA operates.

- Retail – USA operates and services a network of retail service stations under the Company and Dealer models. USA has 51 Company sites, often co-branded with a major brand in the forecourt. USA supplies to 239 Dealer sites, which include a number of multi-site dealer chains with both branded and unbranded relationships.
- Lubricants – USA delivers Exxon Mobil and private label lubricants, chemicals, ancillary automotive products, and equipment to commercial, industrial and wholesale customers through an extensive delivery network in the regions that Parkland operates.

In 2019, USA added the businesses acquired in the KB Oil, Tropic and Mort acquisitions. USA sales and operating revenue in 2019 was \$1,249 million with fuel volume of approximately 1,801 million litres compared to sales and operating revenue of \$756 million and 1,062 million litres in 2018. Sales and operating revenue and fuel and petroleum product volume increased for the year ended December 31, 2019, primarily due to the KB Oil and Mort acquisitions. See “Risk Factors” for a further description of factors which may impact Parkland USA.

Supply

Overview

Supply serves Canada Retail, Canada Commercial, USA and International as well as external customers. Supply consists of logistics, marketing, supply, distribution and a refinery located in Burnaby, British Columbia. This segment manufactures transportation fuels, procures feedstocks and fuels from third parties, transports (via ship, rail, truck and pipeline), stores and markets fuels, crude oil and LPGs to serve a wide range of customers across North America and the Caribbean, and manufactures and sells aviation fuel to airlines operating out of the Vancouver International Airport. Major sales categories are:

- gasoline and diesel;
- LPG, which includes propane and butane; and
- other fuel and petroleum products, which include crude oil, aviation fuel, asphalt, fuel oils, gas oils, ethanol and biodiesel.

Contracts – Parkland maintains fuel supply contracts with multiple refiners, wholesale and trading suppliers. This diversity of supply, combined with strategic storage, allows Parkland to obtain fuel at competitive prices and enhances fuel supply security for Parkland owned sites and for all Parkland customers.

Purchases – Supply sources fuel from third party suppliers and sells, at an arm’s length transfer price, to Parkland’s Canada Retail, Canada Commercial and USA segments. Supply also provides transportation services to the Canada Retail and Canada Commercial segments at an arm’s length transfer price. Parkland uses its leased rail car fleet and leverages its network of North American relationships with a view to match purchase and sales contracts and execute on a strategy of geographic and seasonal arbitrage.

Storage and Terminalling – Supply network includes access to owned fuel storage terminals in Burnaby, Point Hardy and Hatch Point, British Columbia and Bowden, Alberta, as well as leased tanks in Montréal, Quebec. The Supply network in Canada also oversees the Milton, Ontario and Hamilton, Ontario rail transloads which receive rail shipments from various supply locations and transfer fuel directly into trucks for delivery to various locations. Parkland’s USA supply network has access to fuel storage terminals, tanks, rail trans locals, marine terminals and pipelines throughout the US.

In 2019, Supply sales and operating revenue was \$2,906 million with fuel volume of approximately 5,563 million litres compared to sales and operating revenue of \$3,606 million and 5,833 million litres in 2018. The sales and operating revenue decreased due to lower commodity prices and decreased wholesale gas and diesel volume. See “Risk Factors” for a further description of risks that may impact Supply.

Refinery Operations

The Burnaby Refinery provides Parkland with a valuable asset that has operated with a track record of highly reliable operations since 1935 and is ideally located to serve the British Columbia market as the largest of only two refineries in the province, and the only refinery in the Vancouver supply area. Additionally, it is highly integrated with the retail, commercial, and wholesale businesses acquired as part of the Chevron Acquisition, with approximately 85% of the refined product output being sold to Parkland’s retail and commercial network.

The Burnaby Refinery includes two crude units, including a 25,000 barrel per day crude unit and a 32,000 barrel per day splitter, that are designed to process Canadian light and medium crudes. Substantially all of the crude oil sourced by the Burnaby Refinery is delivered from Alberta by the TMPL and comprises primarily light sweet crude, with some portion of Canadian synthetic crudes. This pipeline is the most efficient and reliable source to access crude oil. TMPL is a common carrier pipeline with a throughput capacity of approximately 300,000 barrels per day and transports crude oil and refined petroleum products from Edmonton, Alberta to refineries and terminals in British Columbia and Washington state. Line space on the TMPL will be apportioned based on nomination verification procedures based on the pipeline's historical deliveries to each facility connected to the pipeline at a land destination as defined on the tariff approved by the National Energy Board. Based on the Burnaby Refinery's historical usage Parkland's capacity on the pipeline varies with market conditions. To manage month to month variability, Parkland has established systems, processes and resources to make the most economic supply decisions within the logistical and operational constraints. Parkland also sources crude oil or other feedstocks by vessel, rail and truck when economically viable. Other feedstocks used by the Burnaby Refinery include vacuum gas oil, butane, isooctane, biofuels (including tallow and canola) and naphtha.

Refineries undergo periodic turnarounds to upgrade operating units and perform scheduled maintenance from time to time. The Burnaby Refinery is currently in a turnaround event, which is expected to be completed early April 2020. See "Risk Factors – Risks Relating to Refinery Operations".

Intermediation Facility

On December 14, 2019, Parkland entered into an amended and restated International Swaps and Derivatives Association intermediation agreement with a financial institution (the "Intermediation Facility") to fund a portion of the working capital requirements of the Burnaby Refinery. The Intermediation Facility expires on December 31, 2021, with an option for Parkland to terminate early between January 1, 2021 and December 31, 2021. The Intermediation Facility involves structured purchases and sales of crude oil, refined products and other hydrocarbons (collectively, "Hydrocarbons"). The amended Intermediation Facility has a flexible funding limit of: (i) up to US\$125 million of accounts receivable balances and (ii) the cost of Hydrocarbon inventory volumes up to 2.590 million barrels. The Intermediation Facility is secured by Hydrocarbons and accounts receivables funded under the Intermediation Facility on a first-lien basis.

International

Since the closing of the Sol Transaction on January 8, 2019, the business operated by Sol has been represented by its own operating segment, International. The following is a summary description of Sol.

Parkland owns a 75% interest in Sol, with the remaining 25% owned by Simpson Oil Limited. Sol is the largest independent fuel marketer and convenience store operator in the Caribbean region, operating an integrated network of retail, commercial, wholesale and supply infrastructure assets across the Caribbean region and the north-eastern coast of South America.

Sol's business operates through the following channels:

- **Retail** – Sol's retail business operates in 19 countries and as at December 31, 2019, consisted of 496 retail sites, including 259 company-owned or company-leased sites and 237 dealer-owned and operated sites. These include 212 sites under the Shell brand, 155 sites under the Esso brand, and 68 sites under the Sol brand. In 2019, Sol's retail business sold approximately 1.8 billion litres of fuel. Sol is also the owner of the Sol Shop convenience store brand. The new Sol convenience stores have proprietary food and drink offers. The main pillars in the new food service offer are made-to-order hot food, bakery, cold food and hot and chilled beverages. These new convenience stores take advantage of the newest technology, minimizing the time from order to serve.
- **Commercial** – International's commercial business delivers and supplies gasoline, diesel, fuel oil, propane and lubricants to customers in various geographies and sectors, including power, oil and gas and mining companies. Furthermore, International's aviation business operates at 12 airports in the region, supplying aviation fuel and services to airlines. In 2019, International's commercial business sold approximately 3.3 billion litres of fuel.
- **Wholesale, Supply and Distribution** – Sol's wholesale, supply and distribution business includes owned or leased infrastructure assets, including import terminals, pipelines, marine berths and a fleet of 13 charter ships as

at December 31, 2019. In addition, the business owns a 29% non-operating financial stake in the entity that owns and operates the SARA Refinery located in Fort-De-France, Martinique which has a nameplate capacity of 16,000 barrels per day and owns and operates all the pipelines, ships and terminals required to supply refined products to Guadeloupe, French Guiana and Martinique.

In 2019, International sales and operating revenue was \$4,946 million with fuel volume of approximately 5,118 million litres. There is no comparable information available for 2018 as 2019 was the first year of Parkland's ownership of Sol. See "Risk Factors" for a further description of factors which may impact the International.

Corporate

The Corporate segment includes centralized administrative services and expenses incurred to support operations, but, due to the nature of these activities, are not specifically allocated to Parkland's operating segments. Parkland's objective is to manage corporate expenses tightly, such that those expenses grow at a slower pace than Parkland's adjusted gross profits.

In 2019, Corporate reported expenses of \$113 million compared to \$111 million in 2018. Corporate's increased expenses were primarily due to acquisition costs, integration costs pertaining to the Sol Transaction and the one-time costs associated with the Alberta head office consolidation during the third quarter of 2019.

Supplemental Operational Information

Capital Expenditures

During 2019, the Corporation made \$453 million in capital investments, of which \$232 million was classified as maintenance capital and \$221 million was classified as growth capital and intangibles.

Employees

As at December 31, 2019, Parkland had approximately 4,635 active full- and part-time employees.

Health, Safety, and Environment

Parkland is committed to ensuring safe and environmentally responsible operations, protecting our employees, contractors, customers and the environment and ensuring compliance with all applicable Health, Safety, and Environmental ("HSE") regulatory requirements for the communities in which we operate. At Parkland, the HSE program is branded as our Drive to Zero. It is our shared goal to have an incident free workplace, with zero injuries, zero spills, and zero overall HSE incidents. For 2019, Parkland's TRIF is 1.52.

Parkland strives to continually improve the HSE performance of its operations through engaged and accountable leadership, active involvement of our workforce in the HSE program, actively identifying and mitigating risks and continually improving our systems, work processes and tools. Comprehensive HSE training programs help ensure our employees have the knowledge and skills necessary to understand HSE requirements, implement and adhere to Parkland's HSE programs and promote a safe working environment.

Parkland's HSE personnel collaborate with all parts of the business to develop, maintain and improve the following eight core HSE programs, as further described below:

- HSE Risk Assessment & Mitigation;
- HSE Incident Management;
- Emergency Management;
- Environmental Management;
- Process Safety Management;
- Contractor HSE Management;
- Occupational Health & Hygiene; and
- Regulatory Compliance.

Effective implementation of these programs involves the provision of foundational HSE documents and tools, employee

training and competence assurance, and embedded HSE field support services, together with audits and assessments to monitor compliance and analytics and reporting to analyze, document and communicate results.

Parkland's primary HSE programs include:

1. HSE Risk Assessment & Mitigation Program

Parkland has implemented a unified risk matrix to quantify risk severity and frequency as a means to consistently identify, prioritize and mitigate risk. This process is used for HSE risks as well as other forms of risk in the business. Parkland uses several risk assessment processes (job hazard analyses, formal risk assessments, and field level hazard assessments, etc.) to highlight and appropriately manage HSE risks in the business. In addition, Parkland implemented an informal risk assessment process called "STOP. THINK. ACT." to identify risks prior to the start of any job or task.

2. HSE Incident Management Program

Parkland has a comprehensive incident management program in place to ensure all incidents are reported and that quality investigations are conducted driving to root cause. Parkland uses the following 7-step process to manage HSE incidents: 1. Reporting, 2. Classification, 3. Investigation, 4. Root cause determination, 5. Corrective actions, 6. Quality assurance, and 7. Analytics, and stewardship reporting. These processes include defined timelines and a quality review by leadership and HSE personnel prior to incident close out.

3. Emergency Management Program

Parkland's Emergency Management Program serves to ensure safe, timely, and effective emergency preparedness and response activities across all of Parkland's operations.

Emergency response plans are in place at all Parkland facilities. The Emergency Management Program involves coordination with operations to evaluate risks due to hazards and vulnerabilities, to secure emergency supplies and equipment, and to ensure scheduling and completion of drills and training exercises. Overall goals of this program are to ensure that Parkland facilities and personnel are prepared and trained to address emergency situations and maintain compliance with all applicable regulatory requirements.

Parkland maintains a pre-qualified list of emergency consultants and contractors for immediate and comprehensive land and water-based responses in compliance with all applicable regulations. Parkland continually strives to reduce risk relating to product shipment by ensuring all carriers have adequate emergency preparedness and response programs.

In 2019, Parkland implemented a new spill contingency plan in British Columbia to comply with the province's new Spill Contingency Planning Regulation.

4. Environmental Management Program

Parkland's Environmental Management Program includes processes and initiatives that enable Parkland to comply with applicable environmental regulations, to identify and minimize environmental risks, and to manage environmental liabilities in an efficient framework.

Property stewardship includes procedures to manage environmental conditions at Parkland owned and leased facilities. Parkland retains professional environmental consultants to conduct environmental assessments before opening a new facility, while operating a facility, if required, and at the end of life of a facility. Remediation work contracts are managed by Parkland's environmental advisors. Property stewardship also includes a procedure for estimating environmental liabilities arising from legal and constructive obligations.

Spill management includes processes and tools to prevent fuel spills and propane releases and to train employees who handle dangerous goods to respond to incidents safely and effectively such that impacts are minimized. Spill management includes tracking key metrics as well as implementing spill prevention awareness initiatives. Every spill is reported in Parkland's incident management system, is investigated, and is assigned corrective actions. Parkland maintains insurance for spill incidents that occur during deliveries.

5. Process Safety Management Program

Parkland Refining has well defined process safety management programs in place. Mature processes developed under the previous owner, Chevron, such as Risk Management, Management of Change and Managing Safe Work are being stewarded, third party audited, and will be incorporated into the Parkland Operational Excellence Management System (POEMS).

Parkland is developing a fit for purpose process safety management program for all its critical assets. To date, this program has included the development of an asset inventory as well as initiation of a testing and preventative maintenance program, in partnership with a third-party service provider, for tanks, process lines, valves, and other critical infrastructure. Parkland plans to continue the development of this program to include other key components of process safety.

6. Contractor HSE Management Program

Parkland has implemented a contractor pre-qualification process to categorize contractors based on risk and pre-screen each contractor based on set criteria including insurance, HSE, legal, and financial performance. Existing contractors are also subject to ongoing assessments and performance managed to ensure their programs remain sufficient to manage applicable risks.

7. Occupational Health & Hygiene Program

Parkland has a robust occupational health and hygiene program to assess and provide a healthy working environment, assist in managing employee health challenges, manage injuries and return to work programs, and liaise with Provincial Workers' Compensation Board agencies.

8. Regulatory Compliance Program

Parkland tracks emerging legislation and has implemented several management processes and tools to ensure compliance with current legislation. All non-compliance events are treated as incidents and investigated accordingly, resulting in corrective actions to prevent reoccurrence.

Each year, Parkland develops an HSE action plan to reduce risk, improve performance, and enhance awareness of HSE in all of Parkland's operations. Some of the key initiatives completed in 2019 include:

Pilot testing a spill prevention awareness program and development of a new leading spill metric to promote improved spill prevention awareness;

Documentation of the procedure for estimating and recording Parkland's asset retirement obligations to ensure consistency;

- The advancement of Parkland's safety culture through HSE Steering Committee initiatives and leadership accountability;
- The development of a standardized HSE program for retail fuel operations;
- The implementation of an Injury Management Program;
- The ongoing improvement of incident investigation quality;
- The improvement of the effectiveness of existing HSE training and development of new leader-focused training; and
- The implementation of a Personal Protective Equipment Program.

Environmental, Social and Governance Committee

In 2019 Parkland's board initiated the Environmental, Social and Governance Committee ("**ESG Committee**"). The ESG Committee is appointed by the Board to assist the Board in carrying out its governance and oversight responsibilities in relation to the Corporation's management of matters including:

- Health & Safety, including worker safety, product safety, asset integrity and crisis management;
- Environment & Sustainability, including low carbon and climate change impacts, GHG emissions, air quality, ecological impacts;
- Business Ethics, including supply chain management, political contributions, and anti-corruption;
- Social Capital, including community engagement, social investment, Indigenous engagement, human rights, and customer privacy; and
- Human Capital and labour practices.

Parkland also initiated a Sustainability Task Force, which is comprised of cross-functional leaders that represent each of our business streams. The Sustainability Task Force is responsible for helping develop our sustainability strategy, policy and disclosure. As part of this process, we will look for innovative sustainable business opportunities to continue providing value to our customers, shareholders and communities.

Rail Risk Mitigation

Parkland has focused its attention on mitigating its exposure to various business risks in connection with its rail operations. Parkland's Enterprise Risk Management ("**ERM**") program targets strategic risk areas to determine additional prevention or mitigation plans that can be undertaken to either reduce risk or enable opportunities to be realized. The rail portion of the ERM program focuses on several areas in order to achieve these results. These areas include, but are not limited to: maintaining a suitable insurance program, classifying products and testing procedures, developing and communicating emergency response plans, monitoring regulatory developments and required fleet upgrades, contract administration and legal support. In 2019, Parkland continued to make significant progress towards formalizing product classification and documentation procedures, and Elbow River implemented a risk assessment process for evaluating new terminals and storage locations. Fleet upgrades conducted by railcar owners as required by regulatory authorities continued in 2019. In addition to the foregoing, Parkland is a plan participant with Emergency Response Assistance Canada ("**ERAC**"), a non-profit corporation created by industry stakeholders to provide emergency response for LPG and flammable liquid related incidents. Emergency response services are provided by LPG Emergency Response Corp pursuant to the ERAC plan.

Social Policies

Parkland makes significant investments in the areas of health, education, and other local community needs in the places where we live and work, investing over \$1.18 million in 2019 to community organizations across Canada.

Examples of notable donations by Parkland in 2019 include:

- \$109,000 to Red Deer College in Red Deer, Alberta;
- \$110,000 donated to Big Brothers & Big Sisters;
- \$50,000 to the Canada Winter Games (Red Deer);
- \$35,000 to Fuel for Mobile Mammography;
- \$31,400 to the Ronald McDonald House (Central Alberta);
- \$25,000 to Corporation l'Espoir;
- \$25,000 to Fondation Camp de la Salle;
- \$20,000 to Food for Life; and
- \$10,000 to the Fraser River Discovery Centre.

Parkland also contributed approximately \$700,900 in 2019 to 1,312 non-profit institutions and charitable organizations across North America through our Parkland Pledge program. The Parkland Pledge program was started in 2013 and acts as a catalyst for employees to give back to the charitable causes in the communities where our employees and customers live and work. As an employee-driven program, Parkland Pledge provides eligible employees with \$250 - \$500 in giving funds, based on years of service, to donate to an eligible charitable organization of their choice. Employees who volunteer with non-profit institutions or charitable organizations in the communities are rewarded with additional funds to donate back to the local communities.

Additionally, Sol contributed over \$1 million throughout its operating region to programs in support of education, sports, environment and community development, and committed over \$100,000 to Hurricane Dorian relief in the Bahamas.

Technology and Business Integration

Parkland continues to invest in technologies to support its business. Parkland uses best practices in its IT operations to consistently and securely support its stakeholders and is continuously improving its methodologies to integrate people, processes, and technologies across our enterprise. Parkland has specific programs to ensure reporting compliance and adherence to regulatory guidelines; has controls in place to ensure the privacy of customer and payment information; operates redundant data centers to ensure business continuity in case of unforeseen events; and has safeguards in place to mitigate cyber security threats.

Parkland is creating digital capability through investments in talent, technology and partnerships for leveraging modern data practices, analytics technologies and industry innovation. Parkland's objective is to optimize core business operations and drive customer facing differentiation. The application areas include leveraging automation and analytics in Parkland's significant number daily customer interactions and its supply and distribution network and providing operational visibility into high value and complex assets.

Competitive Conditions Overview

The North American fuel marketing industry is highly competitive with significant competition in respect of each of wholesale, supply of fuel, marketing of fuel, and retail sale of fuel and convenience store products. Parkland competes with major national and international integrated oil companies, independent marketers, branded and unbranded independent wholesalers, independent retail stations, dealers who purchase fuel from Parkland, other commercial fuel and propane marketers, convenience store chains, independent convenience stores and large and small food retailers. Parkland also competes with these entities for the supply of refined and unrefined petroleum products, access to pipeline, other transportation capacity, and refining facilities, and access to capital markets.

Parkland also competes with several non-traditional retailers that have entered the retail fuel business in recent years, including major grocery chains, supermarkets, club stores and mass merchants. These non-traditional motor fuel retailers have obtained a material share of the motor fuel market and are significant retail competitors. Further, the petroleum industry also competes with other industries in supplying energy, fuel, and other related products to industrial, commercial, and retail consumers.

Strategy and Competitive Advantages

Canada Retail owns, operates and supplies retail fuel stations and convenience stores in urban, suburban and rural markets across Canada. The Canada Retail segment has historically focused on owning, operating and supplying retail fuel stations in rural and suburban markets and has, through organic growth and the Pioneer Energy Acquisition, the CST Acquisition, and the Chevron Acquisition, expanded to increasingly include urban markets. With the closing of the CST Acquisition and the Chevron Acquisition, the Canada Retail segment has extended its retail network coverage in Quebec, Ontario, Atlantic Canada, and British Columbia while continuing to enhance its geographic presence in other regions. Canada Commercial serves customers in a variety of industries through a branch network and a national cardlock network. Parkland's brands, reputation for value and its transportation and supply arrangements have provided a base for profitability in each of the Canada Retail and Canada Commercial segments.

In addition to operating the Burnaby Refinery, the Supply segment manages fuel supply by contracting and purchasing fuel from other refiners and suppliers, distributing through third-party rail and highway carriers, storing fuel in owned and leased facilities, and serving wholesale and reseller customers in North America.

Through Parkland's USA segment, Parkland supplies and distributes gasoline and distillates through a set of wholesale, commercial and retail business channels that are very similar to Parkland's Canadian operations. USA's retail network includes company owned and operated gasoline stations and independent gasoline stations throughout 12 states: North Dakota, Utah, Colorado, Montana, Minnesota, South Dakota, New Mexico, Nevada, Arizona, Idaho, Wyoming and Florida. The USA segment is a platform for growth in the United States and provides Parkland with export opportunities for product from western Canada and enhances Parkland's supply capabilities by leveraging its rail assets.

International supplies and distributes through various retail, commercial, wholesale, supply, distribution and aviation businesses across 23 countries in the Caribbean and north-eastern coast of South America. International's retail channel includes company owned and leased sites and dealer-owned and dealer-operated sites under brands such as Sol, Shell and Esso. International owns a 29% non-operating financial stake in the entity that owns and operates the SARA Refinery located in Fort-De-France, Martinique with a nameplate capacity of 16,000 barrels per day capacity and which owns and operates all of the pipelines, ships and terminals required to supply refined products to Guadeloupe, French Guyana and Martinique.

Parkland's diverse supply portfolio includes a substantial volume from each of its major suppliers with an annual sales

volume that offers potential suppliers a compelling share of the fuel supply business in the markets Parkland serves. The continued development of a national, geographically diverse network helps offset any short-term pricing pressures in any individual market. Parkland's competitive advantage is also dependent on its ability to not only anticipate but react to changing consumer demands and preferences in a timely manner, while continuing to supply products that are relevant to the consumer. The launch of JOURNIE supports the Canadian business by allowing Parkland to study customer behaviours and patterns, which allows Parkland to enhance the customer experience. Throughout 2020, Parkland expects to expand JOURNIE in Canada with substantial marketing efforts and support from our strategic banking partner, the Canadian Imperial Bank of Commerce. Parkland expects to have nearly 1,000 sites participating in the program by the end of the third quarter of 2020, the original timing of the expansion being impacted by the COVID-19 pandemic. In 2019 Parkland launched its own brand of high-performance lubricants, Ridgeline Lubricants. Ridgeline Lubricants, including heavy duty engine oil, transmission hydraulic fluids as well as specialty bar and chain oil products, are currently available in western Canada.

RISK FACTORS

An investment in the Common Shares is subject to various risks, including those risks inherent to the industry in which we operate. Current and prospective investors should consider carefully the following risk factors, as well as the other information contained in documents filed by Parkland pursuant to applicable securities laws, including our annual and quarterly management's discussion and analysis. If any event arising from these risks occurs, our business, prospects, financial condition, results of operations or cash flows, the value and trading price of the Common Shares and Parkland's ability to pay dividends could be materially adversely affected. The following is a non-exhaustive list of risk factors. Additional risks and uncertainties not currently known to Parkland or that it currently views as immaterial may also materially and adversely affect its business, financial condition and/or results of operations. Readers should consult their own advisors and experts where necessary before making any investment decision.

Economic Conditions

Changes in economic conditions generally and specifically in the regions in which Parkland operates, may adversely affect customer spending patterns and recreational and industrial activity in certain of the Corporation's markets. These economic conditions include recessionary economic cycles and downturns in the industries in which our customers conduct business.

On March 11, 2020, the World Health Organization declared a global pandemic in relation to the spread of COVID-19. As the virus spreads across the world, communities are closing businesses and applying isolation and social distancing practices. The virus and its impact on communities has resulted in a decline in the world economy. Among other effects, demand for refined petroleum products has decreased in the regions in which Parkland operates. Demand has also reduced from our commercial customers, including in the cruise ship and aviation industries.

Additionally, in March 2020, an increase in the global supply of crude oil resulted in a dramatic decline in the price of oil. This may result in a reduction in the demand of our products from our customers in the oil and gas industry, for whom certain areas of production is becoming uneconomic. The combined effect of these two events has resulted in global economic slowdown, with particularly acute effects in the energy industry.

While the duration of these events and the extent of the ultimate effects on Parkland's business are unknown at this time, the demand for transportation fuels, lubricants and related products is strongly connected with such economic conditions, with weakening economic conditions having an adverse effect on the Corporation's revenue, profitability and ability to service debt and pay dividends.

Parkland services a number of different industries and its business, financial condition and results of operations are directly and indirectly affected by the economic conditions which affect such sectors. In particular, certain sectors, such as oil and gas exploration, forestry, mining and farming are subject to such factors as changes in commodity prices, general economic conditions, access to capital, natural disasters. These can impact the demand for Parkland's products by customers operating within these sectors, which can consequently impact Parkland's business, financial conditions and the results of operations.

Volatility in Crude Oil Prices, Wholesale Petroleum Pricing and Supply

Fuel and petroleum products pricing risks

Parkland's fuel and petroleum product revenue are a significant component of total revenue. Petroleum, crude oil and NGLs markets are volatile. Parkland is susceptible to interruptions in supply and changes in relative market pricing of crude oil and NGLs that drive customer demand. General economic and market conditions, political conditions and instability in oil producing regions, particularly in the Middle East, Africa, and South America, and the value of the U.S or Canadian dollars relative to other foreign currencies, particularly those of oil producing nations, could significantly and adversely affect crude oil supplies and wholesale production costs. Volatility in fuel and petroleum product supply and costs could result in significant changes in the retail price of petroleum products and lower fuel gross margin. Higher supply and product costs can also result in increased working capital and corresponding financing requirements. In addition, increases and volatility in wholesale motor fuel costs could result in an increase in the retail price of petroleum products, which could dampen consumer

demand for motor fuel. These factors could materially influence Parkland's fuel and petroleum product volume and overall customer traffic which, in turn, could have a material adverse effect on the Corporation's operating results, adjusted gross profit, and overall financial condition. Production at these refining facilities is subject to production interruptions which can periodically disrupt the availability and price of refined product in the region. The sales and volumes of Parkland's Supply segment are driven by the opportunity to market variations in pricing of crude oil and NGLs between geographical regions and markets. Changes in pricing and relative pricing of crude oil and NGLs impact the net earnings of the Supply segment. Pipeline availability in various markets will impact the ability of Parkland's Supply segment to profitably serve customers in those markets.

Refining commodity pricing risks

Parkland's operations at the Burnaby Refinery are subject to numerous risks. Refining gross margins are primarily driven by commodity prices and are a function of the difference between the costs of raw materials (primarily crude oil) and market prices for the marketing of finished products (such as gasoline, diesel, jet fuel, fuel oil, fuel additives and asphalt). Prices for commodities are determined by global and regional marketplaces and are influenced by many factors including supply/demand balances, inventory levels, industry refinery operations, import/export balances, currency fluctuations, seasonal demand, political climate, disruptions at the refinery resulting from unplanned outages due to severe weather, fires or other operational events, and plant capacity utilization. Sustained low refining margins may have a material adverse effect on Parkland's revenue, profitability and ability to service debt and pay dividends.

Parkland uses derivative financial and physical instruments related to the future price of crude oil and fuel products and their relationship with each other, with the intent of reducing volatility in our cash flows due to fluctuations in commodity prices and spreads. Parkland obtains such hedging through its Intermediation Facility and using other hedging instruments. Such hedging activities may not be effective in reducing the volatility of our cash flows and may reduce our earnings, profitability and cash flows. Furthermore, Parkland may not be able to enter into derivative financial or physical instruments to reduce the volatility of the prices of special products it sells if there is no established derivative market for such products. In addition, Parkland's hedging activities are subject to the risks that a counterparty may not perform its obligations under the applicable derivative instrument, or if the terms of the derivative instruments are imperfect.

Supply Disruption

Refinery supply risks

The Burnaby Refinery crude supply is predominantly Alberta light crude transported by the TMPL common carrier, as regulated by the Canadian Energy Regulator ("**CER**") (formerly the National Energy Board ("**NEB**")) and operates under published tariff. Under various market conditions, Burnaby could see variability in its crude deliveries from TMPL as the capacity on the pipeline fluctuates from time to time based on operating conditions and planned and/or unplanned maintenance. To manage month to month variability Parkland has established systems, processes and resources to make the most economic supply decisions within the logistical and operational constraints. In addition to the TMPL line capacity, the Burnaby Refinery also has the ability to receive volumes of crude by rail, truck, and marine when economic.

Substantially all of the crude oil sourced by the Burnaby Refinery is delivered from Alberta by the TMPL. Kinder Morgan Canada's proposed expansion of the TMPL was approved by the then NEB, in May 2016, and by the Canadian federal government in November 2016. In the meantime, several court challenges have been brought by First Nations, environmental groups and local municipalities. On February 4, 2020 the Federal Court of Appeal ruled that the Canadian government did consult with Indigenous groups about the pipeline and that it fulfilled that duty in the spirit of reconciliation. These ruling remove some of the uncertainty around the legal challenges associated with TMPL expansion project, however, the timeline for completion of the project remains uncertain.

The government of Alberta enacted Curtailment Rules effective January 1, 2019. The curtailment rules resulted in a decrease of approximately 325,000 barrels of production per day. Curtailment levels were reduced by approximately 75,000 barrels of production per day in February and March 2019 and were expected to continue to be reduced. In August 2019, Alberta increased the oil curtailment limit from 10,000 to 20,000 barrels per producer per day and extended the program to December 2020.

Petroleum Products

Parkland's business depends to a large extent on a small number of crude oil and other Burnaby Refinery feedstock suppliers, and refined fuel suppliers, a number of which are parties to long-term supply agreements with Parkland. An interruption or reduction in the supply of crude oil or petroleum products and services by such suppliers could adversely affect Parkland's financial condition. Furthermore, if any of the supply agreements are terminated or end in accordance with their terms, Parkland may experience disruptions in its ability to supply customers with products until a new source of supply can be secured. Such a disruption may have a material negative impact on Parkland's financial condition and its reputation. Additionally, Parkland cannot ensure that it will be able to renegotiate such agreements or negotiate new agreements on terms favourable to Parkland.

Convenience Store Merchandise

Parkland purchases convenience store merchandise inventory from a small number of suppliers for its owned and operated convenience stores. A change of merchandise suppliers, a disruption in supply or a significant change in Parkland's relationships with its principal merchandise suppliers could have an adverse effect on Parkland's financial condition and results of operations.

Competition

Parkland competes with the major national and international integrated oil companies, independent marketers, branded and unbranded independent wholesalers, independent retail stations, other commercial fuel and propane marketers, convenience store chains, independent convenience stores, large and small food retailers and also several non-traditional retailers that have entered the retail fuel business in recent years, including major grocery chains, supermarkets, club stores and mass merchants. These non-traditional motor fuel retailers have obtained a significant share of the motor fuel market and are significant retail competitors. In some of Parkland's markets, competitors have been in existence longer and have greater financial, marketing and other resources than Parkland. Parkland may not be able to compete successfully against current and future competitors, and competitive pressures faced by Parkland could materially and adversely affect Parkland's business, prospects, results of operations and/or financial condition.

Pricing Pressure

Retail pricing for motor fuels is very competitive and influenced by a fragmented market consisting of major oil companies, international convenience operators, national grocery chains, and independent fuel retailers. From time to time, factors such as intensified price competition, seasonal over supply, and lack of responsiveness of retail pricing to changes in refined product costs may lead to margin pressure in Parkland's business. These pressures are normally restricted to relatively short, seasonal time periods and isolated market areas, but could occur more extensively across Parkland's network. Difficult market conditions may also adversely affect Parkland's major customers and create increased credit risk.

Risks relating to refinery operations

There are risks inherent to the operations and activities of a refinery, including risks related to accidents, availability of crude oil and other feedstocks for use in the Burnaby Refinery, failure to adequately contract with third parties for offtake of products from the Burnaby Refinery or interruptions in offtake, labour and material shortages, direct and indirect risks related to legislative and regulatory requirements, including without limitation, the discharge and management of storm water and processed water, and risks related to local opposition. Parkland does not have full control over the supply of power, natural gas, or water to the refinery and, as such, a key operational risk for the Burnaby Refinery is the availability of sufficient power, natural gas, and water supplies to support refinery operations. Large amounts of power, heat by way of natural gas, and large volumes of water are used in the refining of crude oil and even a temporary interruption of power, natural gas or water could adversely affect operations.

Parkland contracts with third parties for the supply of crude oil and other feedstocks to the Burnaby Refinery and for the offtake of refined products from the Burnaby Refinery. Adequate supply and offtake arrangements are a key operational risk

for the Burnaby Refinery. An inability to conclude contracts for supply of crude oil or other feedstocks or for the offtake of any stream of refined products from the Burnaby Refinery, or any scheduled or unscheduled interruption in contracted supply or offtake, could have a material adverse effect on Parkland's business, financial condition or results of operations.

The Burnaby Refinery consists of several processing units, each of which is to undergo scheduled maintenance from time to time. One or more of the units may require additional unscheduled downtime for unanticipated maintenance or repairs. Scheduled and unscheduled maintenance reduces Parkland's revenues and increases its operating expenses during the period of time that the processing units are not operating and, among other things, could reduce Parkland's ability to make distributions or payments of debt obligations. Furthermore, material unanticipated costs and delays may be incurred in scheduled and unscheduled maintenance which may negatively impact Parkland's results of operations.

The Burnaby Refinery is undergoing a turnaround event in the first quarter of 2020, centered on the splitter, FCCU, and sulphur recovery units, where all the processing units are expected to be offline for approximately eight weeks. If unsuccessful or delayed, the turnaround could have a material adverse effect on Parkland's business, financial condition or results of operations.

Fuel Storage and Distribution

Operating fuel storage and distribution terminals and transporting fuel products involve inherent risks including:

- oil spills and other environmental mishaps;
- fires, collisions and other catastrophic disasters;
- injuries and loss of life;
- severe damage to and destruction of property and equipment; and
- loss of product and business interruption.

Damage arising from such occurrences may result in fines and significant third-party claims. We generally maintain insurance to mitigate these types of costs, but there can be no assurance that our insurance would be sufficient to cover the liabilities we might suffer from the occurrence of one or more of the risks described above.

A significant environmental incident involving a release of crude oil, liquid petroleum products, chemicals or other hazardous substances into marine or other environments could result in losses in excess of the insurance coverage currently maintained by Parkland and could have a material adverse impact on Parkland's business, financial condition, reputation and results of operations.

Contractor risks relating to operations

Parkland relies on contractors to conduct some activities and is exposed to risks related to their activities. As a result, Parkland is subject to a number of risks, some of which are outside Parkland's full control, including:

- negotiating agreements with contractors on acceptable terms;
- reduced control over those activities that are the responsibility of contractors;
- failure of contractors to perform the requirements and obligations under their agreements, including failure to comply with safety systems and standards as well as applicable legal and regulatory requirements; and
- failure of contractors in connection with management of their workforce, labour unrest or other employment issues.

In addition, Parkland may incur liability to third parties as a result of the actions of its contractors. The occurrence of one or more of these risks could adversely affect Parkland's results of operations and financial position.

Acquisition and Integration

Acquisition Strategy

Parkland's growth strategy will continue to depend, in part, on acquiring other fuel distributors or complementary businesses which it may be unable to do profitably or at all. The success of this acquisition strategy will depend, in part, on Parkland's ability to:

- identify suitable businesses;
- negotiate the purchase of those businesses (or investment in the businesses) on acceptable terms;
- complete the transactions within the expected time frame;
- fund the transaction;
- obtain necessary regulatory, other approvals or required consents of third parties within the expected time frame;
- improve the results of operations of the businesses that it buys and successfully integrate the operations, financial reporting and personnel of acquired business with Parkland;
- achieve the anticipated synergies in the acquired business or strategic investments;
- retain key employees, customers or suppliers of the acquired business; and
- effectively address any regulatory requirements in connection with such acquisitions.

Parkland may fail to properly complete any or all of these steps and may also experience other impediments to its strategy. Parkland may not be able to find appropriate acquisition targets or, if appropriate targets are found, Parkland may not be able to close such transactions or integrate the acquired businesses effectively or profitably.

Other companies may also be seeking to acquire similar businesses, including companies that may have greater financial resources than Parkland. Increased competition may reduce the number of successful acquisitions or may lead to unfavourable terms on acquisitions that are successful, including higher purchase prices. If acquisition targets are unavailable or too costly, Parkland may need to change its business strategy as it relates to acquisitions.

If Parkland is unsuccessful in implementing its acquisition strategy, its financial condition and results of operations could be materially adversely affected. Even if Parkland is able to make acquisitions on advantageous terms and is able to integrate them successfully, some acquisitions may not fulfill Parkland's strategy in a given market due to factors that Parkland cannot control, such as market position or customer base. As a result, potential benefits or synergies associated with any acquisition could be negatively impacted.

Significant Acquisitions and Related Costs

Parkland has incurred, and expects to incur in the future, a number of costs associated with completing transactions and integrating acquired businesses into Parkland's business. The majority of such costs will be non-recurring expenses resulting from the acquisitions and will consist of transaction costs, facilities and systems consolidation costs and employment-related costs. Parkland may incur substantial transaction costs in relation to transactions that are not completed. Additional unanticipated costs may be incurred in the integration of the assets, operations and businesses, which may negatively impact Parkland's results of operations.

Failure to Realize the Anticipated Benefits of Recent and Future Acquisitions

Achieving the full benefits of any acquisition includes, but is not limited to, the timely and efficient consolidation of functions, the integration of operations, procedures and personnel and the ability to realize the anticipated growth opportunities, operating expense reductions, and other synergies.

The integration of newly acquired assets is supported by the dedication of substantial management effort, time, and resources, which may divert management's focus and resources from other strategic opportunities and other operational matters. Notwithstanding Parkland's commitment to providing the labour and resources required to support the integration of newly acquired assets, there is a risk that the anticipated benefits of any given acquisition may not be fully realized as a result of Parkland's failure to fully address and mitigate the risks of the integration process including the loss of key employees and the disruption of ongoing business, supplier, customer and employee relationships.

Unknown Liabilities from Acquisitions

In pursuing acquisitions, Parkland conducts due diligence on the business or assets being acquired and seeks detailed representations and warranties respecting the business or assets being acquired. Despite such efforts, there can be no assurance that Parkland will not become subject to undisclosed liabilities or litigation as a result of acquisitions, including but not limited to, undisclosed and unknown liabilities related to the Sol Transaction, the Rhinehart Acquisition, the Tropic Acquisition, the KB Oil Acquisition, the CST Acquisition or the Chevron Acquisition. In addition, liabilities may exist which

were not discovered during the due diligence process prior to completing such acquisitions. This failure to discover potential liabilities may be due to various factors, such as failure to accurately assess all of the pre-existing liabilities of the operations acquired or vendors failing to comply with applicable laws. If this occurs, Parkland may be responsible for such liabilities, which could materially and adversely affect Parkland's business, prospects, results of operations or financial condition.

IT Integration Risks

Large-scale acquisitions require the integration of one or more different systems into Parkland's overall IT systems. The integration of different IT systems is a technical process requiring the coordination of specialized employees, time and resources, often across multiple jurisdictions. Unanticipated costs, delays, and unforeseen technical issues and limitations may arise in connection with Parkland's integration of its IT systems and could disrupt the flow of information, cause loss of data records, or delay Parkland's ability to realize the anticipated benefits of an acquisition. As Parkland's IT systems become increasingly integrated, there is an increased risk that a failure in one system could affect another system in its infrastructure.

Debt Matters

Increased Leverage

Parkland has incurred significant indebtedness as part of its ongoing organic growth and acquisitions strategy. Such indebtedness involves significant interest expense and debt service obligations and may have a negative effect on Parkland's results of operations.

Parkland's leverage could have other important consequences including the following:

- it may limit Parkland's ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes;
- it may limit Parkland's ability to declare dividends on the Common Shares;
- certain of Parkland's borrowings are at variable rates of interest and expose Parkland to the risk of increased interest rates;
- it may limit Parkland's ability to adjust to changing market conditions and place Parkland at a competitive disadvantage compared to its competitors that have less leverage;
- Parkland may be vulnerable in a downturn in general economic conditions; and
- Parkland may be unable to make capital expenditures that are important to its growth and strategies.

Debt Service

Parkland will require sufficient cash flow in the future in order to service and repay its indebtedness. Parkland's ability to generate sufficient cash flow to meet these obligations depends on Parkland's financial condition which is, to a certain extent, subject to global economic, financial, competitive and other factors that may be beyond its control. If Parkland is unable to obtain future borrowings or generate cash flow from operations in an amount sufficient to service and repay its indebtedness, Parkland will need to refinance or be in default under the agreements governing its indebtedness and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets. Such refinancing or alternative measures may not be available on favourable terms or at all. Due to volatile economic conditions, Parkland may from time to time have restricted access to capital and increased borrowing costs. The inability to service, repay and/or refinance its indebtedness could have a material adverse effect on Parkland's business, financial condition, results of operations and cash flows. Furthermore, amounts paid in respect of interest on long-term debt will reduce Parkland's net income. Variations in interest rates and scheduled principal repayments could result in significant changes in the amount required to be applied to debt service. Additionally, a significant portion of Parkland's external debt is denominated in US dollars. As such, fluctuations in the Canadian dollar/US dollar exchange rate could change Parkland's debt service obligations.

Debt Agreements

The Intermediation Facility, Credit Agreement and the Senior Note Indentures limit, among other things, Parkland's, and certain of its subsidiaries', ability to:

- incur or guarantee additional debt or other obligations, issue certain equity securities or enter into sale and leaseback transactions other than in limited circumstances;
- in certain circumstances, pay dividends on shares or repurchase shares, redeem subordinated debt or make other restricted payments;
- in certain circumstances, hold cash in excess of set amounts;
- issue equity securities of subsidiaries;
- grant certain guarantees or other forms of financial assistance;
- change the nature of their business or operations in any material respect;
- make certain investments or acquisitions over a certain limit;
- create liens on their assets;
- change their fiscal year;
- enter into transactions with affiliates;
- liquidate, dissolve or wind up;
- consolidate, merge or transfer all or substantially all of their assets; and
- transfer or sell assets, including shares of subsidiaries.

The Intermediation Facility, Credit Agreement and Senior Note Indentures also require Parkland to maintain specified financial ratios and satisfy specified financial tests. Parkland's ability to meet these financial ratios and tests can be affected by events beyond Parkland's control, and Parkland may be unable to meet those tests. As a result of these covenants, Parkland's ability to respond to changes in business and economic conditions and to obtain additional financing, if needed, may be significantly restricted, and the Corporation may be prevented from engaging in transactions that might otherwise be considered beneficial to Parkland. The breach of any of these covenants could result in an event of default under the Credit Agreement, the Senior Note Indentures or any future credit agreements.

A failure to comply with the obligations in the Intermediation Facility, Credit Agreement, including financial ratios and specified financial tests, could result in a default which, if not cured or waived, would permit acceleration of the repayment of the relevant indebtedness as the lenders could elect to declare all amounts outstanding under the Credit Facilities to be immediately due and payable and terminate all commitments to extend further credit. Similarly, upon the occurrence of an event of default under the Senior Note Indentures, the outstanding principal and accrued interest on the Senior Notes may become immediately due and payable. If the lenders were to accelerate the repayment of borrowings, Parkland may not have sufficient cash to repay balances owing on the Credit Facilities as well as its unsecured indebtedness, including the Senior Notes, as the acceleration of Parkland's indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross-default or cross-acceleration provisions. If Parkland's indebtedness is accelerated and Parkland is not able to repay its indebtedness or borrow sufficient funds to refinance it, the lenders under the Credit Agreement could proceed to realize upon the collateral granted to them to secure that indebtedness which could have a material adverse effect on Parkland's business and financial results. Even if Parkland is able to obtain new financing, it may not be on commercially reasonable terms or on terms that are acceptable to Parkland or may impose financial restrictions and other covenants on it that may be more restrictive than under the Credit Agreement or Senior Note Indentures. Additionally, if amounts outstanding under the Credit Agreement and the Senior Note Indentures were to be accelerated, or if Parkland were not able to borrow under the Credit Agreement, it could become insolvent or be forced into bankruptcy or insolvency proceedings or receivership. Notwithstanding an event of default, there is also no assurance that Parkland will be able to refinance any or all of the Credit Facilities and Senior Notes at their maturity dates on acceptable terms, or on any basis.

Credit Markets

Future uncertainty in the global economy and in local markets, including a deterioration of global economic conditions, a lack of market liquidity, and increased volatility in the credit markets may increase costs associated with debt instruments due to the increased spreads over relevant interest rate benchmarks and affect Parkland's ability, or the ability of third parties it seeks to do business with, to access those markets. In addition, should there be volatility or uncertainty in the capital markets in the future, access to financing may be uncertain, or more costly, which may have an adverse effect on the industry in which

Parkland operates and its business operations, including future operating results. Although management believes the Credit Facilities will be sufficient to meet Parkland's immediate requirements, there can be no assurance that the amount will be adequate to satisfy future financial obligations or that additional funds will be able to be obtained.

Hedging

Parkland uses hedging transactions in order to mitigate the risk associated with its marketing transactions. In many circumstances, purchase and sale contracts are not perfectly matched as they are entered into at different times and at different values. In all of Parkland's businesses, margins can vary significantly from period to period and volatility in the markets for these products may cause distortions in financial results from period to period that are not replicable. There is no guarantee that hedging and other efforts to manage the marketing and inventory risks will mitigate all such risks associated with these activities. As well, by Parkland hedging its commodity price exposure, it may forgo the benefits that may otherwise be experienced if commodity prices were to increase.

Parkland's hedging transactions typically take place on the New York Mercantile Exchange, Inc. ("**NYMEX**"). Parkland's hedging transactions and activities would be subject to the rules and regulations of the CME and the Commodity Futures Trading Commission ("**CFTC**"). Both the NYMEX and the CFTC have broad powers to review required records, investigate and enforce compliance and to punish noncompliance by entities subject to its jurisdiction. The failure to comply with such rules and regulations could lead to restrictions on Parkland's trading activities or subject it to enforcement action by the CFTC, enforcement action under US antitrust legislation, or a disciplinary action by the NYMEX, which could lead to substantial sanctions.

To the extent that Parkland engages in financial or physical hedging transactions to mitigate commodity price risk, there remains a credit risk associated with counterparties with which it partners or contracts.

Health, Safety & Environment

Parkland is subject to hazards and risks inherent in its operations and the industries that we service. Such risks include, but are not limited to, equipment failures, vehicle accidents, human error, accidental release of harmful substances including through transportation of petroleum products by road, rail, barge or other marine vessels, and pipeline, proximity to marine environments, explosions, fires and natural disasters. Commodity storage, refining and transportation activities involve numerous risks that may result in environmental damage or otherwise adversely affect the operations of Parkland's business. Environmental risks inherent in the storage, refining and transportation of crude oil and other petroleum products include, but are not limited to, accidental spills or releases of crude oil, liquid petroleum products, chemicals or other hazardous substances, including without limitation, storm water and processed water. The Burnaby Refinery is subject to hazards of transporting and processing hydrocarbons including, but not limited to: blowouts; fires; explosions; railcar incidents including, without limitation, derailment; marine vessel incidents including, without limitation, sinking; gaseous leaks; migration of harmful substances; oil spills; corrosion; acts of vandalism and terrorism; and other accidents or hazards that may occur at or during transport to or from commercial or industrial sites. Any of these hazards can interrupt operations, impact Parkland's reputation, cause loss of life or personal injury, result in loss of or damage to equipment, property, IT systems, related data and control systems, and cause environmental damage that may include polluting water, land or air. These could expose Parkland to: potential liability for personal injury, loss of life or debilitating injury; business interruption; property damage or destruction; curtailment of offshore shipping activity; modifications to or revocation of existing regulatory approvals; fines and other environmental damages under applicable federal, provincial, territorial, state and municipal safety and environmental laws and regulations.

The consequences of an accidental spill or release at or near any marine terminal used in connection with Parkland's operations could be significant, given the complexities of addressing releases occurring in marine environments and/or along populated coastlines. Although Parkland does not own or operate the vessels used to transport crude oil, liquid petroleum products, chemicals or other hazardous substances to and from such marine terminals, releases or other incidents involving such vessels could result in significant disruptions to offshore shipping activities and impede Parkland's ability to operate in any affected areas.

Parkland has obtained insurance in accordance with industry practice in an effort to address and mitigate such risks, established operational and emergency response procedures, and adopted safety and environmental programs to reduce potential loss exposure. Although Parkland has a comprehensive insurance program in effect, there can be no assurance that the potential liabilities will not exceed the applicable coverage limits under its insurance policies. Consistent with industry practice, not all hazards and risks are covered by insurance and no assurance can be given that insurance will be consistently available or will be consistently available on an economically feasible basis. Parkland maintains insurance coverage for most environmental risk areas, excluding underground tanks at service stations. Although not insured, these risks are managed through ongoing monitoring, inventory reconciliations and tank replacement programs. Liability for uninsured risks could significantly increase expenses and the occurrence of a significant event for which Parkland is not fully insured could materially and adversely affect Parkland's business, prospects, results of operations and/or financial condition.

Environmental Laws

Parkland's business and properties are subject to extensive local, provincial, territorial, state and federal laws across Canada, the United States and numerous Caribbean and South American jurisdictions, including, but not limited to, those relating to emissions to the air, discharges into water, releases of hazardous and toxic substances and remediation of contaminated sites ("**Applicable Environmental Laws**"). Applicable Environmental Laws require that Parkland's operations, and certain properties associated with Parkland's retail and storage operations, be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such Applicable Environmental Laws may require significant expenditures by Parkland, including capital costs to maintain and upgrade equipment and facilities and expenditures to ensure compliance with new Applicable Environmental Laws. Failure to comply with such Applicable Environmental Laws to which our operations are subject may result in penalties and costs that could adversely affect our business and our operating results. Any changes in the Applicable Environmental Laws that are adverse to us and our properties could affect our operating and financial performance. In addition, new regulations are proposed from time to time which, if adopted, could have a material adverse effect on our operating results and financial condition.

Climate Change Regulation

Parkland may be adversely affected by federal, provincial and state legislation, regulations, and initiatives designed to reduce greenhouse gas emissions, which may increase costs and adversely affect Parkland's operations, in particular the Burnaby Refinery. There are international agreements (e.g. the Paris Climate Agreement and the Kyoto Protocol), national agreements and federal legislation (e.g. carbon tax, Clean Fuel Standard, cap-and-trade or efficiency standards) and provincial legislation (e.g. British Columbia's CleanBC climate policy) that aim to reduce greenhouse gas emissions. These policies continue to evolve and overlap one another.

These developments may affect Parkland's operations by potentially increasing costs of compliance, costs of supply and the price of petroleum products and thereby potentially reducing demand, and by imposing reporting and other regulatory obligations on Parkland. In 2016 the Government of Canada announced a national carbon pricing regime (the "Carbon Strategy") intended to support the objectives of the Paris Agreement on Climate Change signed by Canada and over 160 other countries in 2015. Under the Carbon Strategy, all provinces will be required to adopt a carbon pricing scheme that includes, at a minimum, a price on carbon emissions of \$10 per tonne in 2018, increasing by \$10 per tonne each year to \$50 per tonne by 2022. To date the federal pricing regime will apply in Ontario, Saskatchewan (partially), New Brunswick, Manitoba and Prince Edward Island. Other provinces have carbon prices schemes that have been determined by the federal government to satisfy the minimum pricing set out in the federal Carbon Strategy. .

The ultimate effect of climate change legislation, regulations, and initiatives on the operations of the Parkland, and the timing of these effects, will depend on several factors. Such factors include, among others, the GHG emission reductions required for industrial sectors, the extent to which Parkland can adapt its fuel offerings or taking advantage of incentive programs including purchasing compliance instruments on the open market or through auctions, the price and availability of credits, and the extent to which Parkland is able to recover the costs incurred through the pricing of Parkland's products in the competitive marketplace. Additionally, government efforts to steer the public toward non-petroleum-based fuel dependent

modes of transportation may foster a negative perception toward motor fuel or increase costs for our product, thus affecting the public's attitude toward petroleum-based fuel and affect our ability to market and sell such product. Any changes to climate change laws, regulations, and initiatives could materially and adversely affect Parkland's business, prospects, results of operations or financial condition.

Existing and proposed environmental legislation developed by certain US states, Canadian provinces, and the Canadian federal government, requiring lower carbon intensity fuels by regulation will result in increased costs. These regulations may negatively affect the marketing of refined petroleum products and may require us to alter our products or adapt operations to allow us to sell in such jurisdictions. The cost of such credits may not be able to be passed along to consumers, resulting in lower gross margin to Parkland on the sale of its products.

Aboriginal Rights Claims

Aboriginal groups have claimed aboriginal treaty, title and rights to broad portions of western Canada, including virtually all of British Columbia. Such claims may affect many businesses operating in western Canada, including Parkland, as the claims are litigated or settled with the federal and provincial governments through negotiation.

While the claims are outstanding, the federal and provincial governments have a duty to consult with Aboriginal people on actions and decisions that may affect the asserted Aboriginal or treaty rights and, in certain cases, accommodate their concerns. The government's duty to consult may be triggered if Parkland applies to obtain or renew significant permits, leases, licenses and other approvals for its operations in areas that are subject to outstanding Aboriginal rights claims. The fulfilment of the duty to consult associated with a permit application can add time, effort and risk to the review and its outcome.

Opposition by Aboriginal groups to industrial development or activity may also negatively affect Parkland operations.

In May 2016, Canada announced its support for the United Nations Declaration on the Rights of Indigenous Peoples ("UNDRIP"). The principles and objectives of UNDRIP have also been endorsed by the Government of Alberta, and the Government of British Columbia has passed legislation in November 2019 to implement UNDRIP. The means of implementation of UNDRIP by government bodies are uncertain and may include an increase in consultation obligations and processes associated with project development, posing risks and creating uncertainty for regulatory approval timelines and requirements.

Competition Law Compliance

Parkland is increasingly subject to scrutiny from government authorities as a result of ongoing acquisitions and its growing size. As Parkland grows and acquires businesses, it becomes increasingly challenging and complex to monitor compliance with the *Competition Act* (Canada), US antitrust legislation and competition legislation in the jurisdictions in Caribbean and northern coast of South America ("collectively, "**Competition Legislation**"). This includes monitoring the dissemination of competitively sensitive information and managing channel conflict within Parkland. Furthermore, failure to comply with Competition Legislation could result in the imposition of significant fines or penalties, require Parkland to divest certain Parkland assets, or result in Parkland being subject to other remedies, such as margin controls in certain markets. Such remedies could have a material adverse effect on our operating results and financial condition.

Under the *Competition Act*, the Commissioner of Competition (the "**Commissioner**") may review any "merger" (as defined in the *Competition Act*), which includes acquisitions of fuel distribution businesses and of retail gas stations, to assess whether such merger would likely result in a substantial lessening or prevention of competition in any market. In the event the Commissioner believes that such merger would likely result in a substantial lessening or prevention of competition in any market, the Commissioner may apply to the Competition Tribunal for a remedial order, including prohibiting completion of the merger or ordering a divestiture of all or part of the business acquired. The US antitrust laws are designed to prevent anticompetitive mergers or acquisitions. Under the Hart-Scott-Rodino Act ("HSR"), mergers or acquisitions that meet a minimum threshold size requirement are reviewed by the Federal Trade Commission as well as the Department of Justice in the US who may: allow the merger or acquisition to proceed, enter into settlement with the companies involved, or commence legal action to block a deal that would substantially lessen competition.

IT Continuity

At the operational level, Parkland relies on electronic systems for recording of sales and accumulation of financial data and analytical information. A major failure of computer systems would disrupt the flow of information and could cause loss of data records or corruption of data, which could impact the accuracy of financial reporting and management information and Parkland's ability to operate its business. These systems are vulnerable to, among other things, damage and interruption from power loss or natural disasters, computer system and network failures, loss of telecommunications services, physical and electronic loss of data, security breaches and computer viruses, which could result in a loss of sensitive business information, systems interruption or the disruption of Parkland's business operations.

IT Cyber Security

In the normal course of our business, we obtain large amounts of personal data, including credit and debit card information from our customers. While we have invested significant amounts in the protection of our IT systems and maintain what we believe are adequate security controls over individually identifiable customer, employee and vendor data provided to us, a breakdown or a breach in our systems that results in the unauthorized release of individually identifiable customer or other sensitive data could nonetheless occur. Cyber-attacks are rapidly evolving and becoming increasingly sophisticated. A successful cyber-attack resulting in the loss of sensitive customer, employee or vendor data could adversely affect our reputation, results of operations, financial condition and liquidity, and could result in litigation against us or the imposition of penalties. Moreover, a security breach could require that we expend significant additional resources to upgrade further the security measures that we employ to guard against cyber-attacks.

Technological Developments

New technologies that increase fuel efficiency, reduce consumption, offer alternative vehicle power sources or accelerate autonomous adoption will reduce consumption and demand of the petroleum-based motor fuels. These technological developments could potentially have a material adverse effect on the Corporation's business, financial condition and results of operations if the Corporation does not adapt to changing consumer demands. Parkland's success depends on its ability to anticipate and respond in a timely manner to changing consumer demands and preferences while continuing to sell products and services that remain relevant to the consumer and thus will positively impact overall gross profit. These technological developments could potentially have a material adverse effect on the Corporation's business, financial condition and results of operations if the Corporation does not adapt to changing consumer demands.

Credit

Credit risk is the risk that Parkland's counterparties will not meet their obligations under a financial or physical instrument or customer contract, leading to a financial loss to Parkland. Difficult market conditions may adversely affect Parkland's major customers and create increased credit risk. A substantial portion of Parkland's trade accounts receivable and long-term receivables are with customers in the oil and gas, mining and forestry industries, which are subject to normal industry credit risks. The maximum exposure of credit risk of the accounts receivable account is its carrying value.

Weather and Seasonality

The Corporation's sales volume and profitability are subject to weather influences, particularly winter temperatures in Canada and the northern United States and hurricanes and other tropical weather events in the southeastern United States and Caribbean. The Corporation's sale volumes and profitability can see increased volatility due to abnormal weather patterns. The Corporation's heating oil and propane sales are greatest in the winter months but can decline if winter temperatures are warmer year over year. The Corporation has propane and heating oil operations in Atlantic Canada, Ontario, Quebec, Alberta, British Columbia and the Yukon Territory which all experience different weather patterns which can mitigate the impacts of regional winter temperature differences. Additionally, winter conditions can affect the efficiency of the Corporation's product deliveries.

Parkland's assets in the Caribbean and southeastern United States are also subject to the risks associated with severe tropical storms, hurricanes and earthquakes, which may cause downed telephone lines, flooded facilities, power outages, fuel shortages, damaged or destroyed property and equipment, and work interruptions. Any of the foregoing may damage the Corporation's assets, disrupt its supply channels, interrupt the Corporation's ability to deliver goods and services and decrease demand for its products. It is possible that any of these events could occur and have a material adverse effect on the Corporation's business, financial condition, ability to realize the anticipated growth opportunities and synergies and future prospects.

Furthermore, oil prices, wholesale motor fuel costs, motor fuel sales volumes, motor fuel gross profits and merchandise sales can be subject to seasonal fluctuations. For example, consumer demand for motor fuel typically increases during the summer driving season and typically falls during the winter months. Travel, recreation and construction are typically higher in these months in the geographic areas in which Parkland operates, increasing the demand for motor fuel and merchandise that Parkland sells. Therefore, the Corporation's motor fuel volumes are typically higher in the second and third quarters of our fiscal year. A significant change in any of these factors, including a significant decrease in consumer demand (other than typical seasonal variations), could materially affect Parkland's motor fuel volumes and merchandise sales, motor fuel gross profit and overall customer traffic, which in turn could have a material adverse effect on Parkland's business, financial condition, results of operations and cash flows.

Human resources

Dependence on Key Personnel

The Corporation's success is substantially dependent on the ability, expertise, judgment, discretion, integrity and continued service of senior management. The loss of the services of one or more members of senior management could adversely affect the Corporation's operating results. In addition, the Corporation's continued growth depends on the ability of the Corporation to attract and retain skilled operating managers and employees and the ability of its key personnel to manage the Corporation's growth and to consolidate and integrate its operations. There can be no assurance that the Corporation will be successful in attracting and retaining such managers, employees and other personnel.

Retention of skilled workers

Parkland competes with companies to attract and retain employees and third-party contractors with appropriate technical skills necessary to continue operations. The hiring and retention of staff may be challenging if the employment market is strong and there is intense competition for skilled employees and contractors. There can be no assurance that Parkland will be able to attract and retain skilled and experienced employees and, should Parkland fail to attract qualified personnel for its operations, its business may be harmed and its results of operations and its financial condition could be adversely affected. In addition, future federal or provincial labour legislation could result in labour shortages and higher costs, especially during critical maintenance periods.

Labour risks related to refinery operations

A significant number of the employees at the Burnaby Refinery and our terminal in Burnaby are represented by labour unions (Unifor and Teamster's, respectively). The collective bargaining agreement for the unionized employees, represented by Unifor, at the Burnaby Refinery expires on January 31, 2023. The collective bargaining agreement for the unionized employees, represented by Teamster's, at the terminal in Burnaby, expires in January 2021. There is no assurance that new collective bargaining agreements will be reached without a strike, work stoppage, or other labour action. Any prolonged strike, work stoppage, or other labour action will have an adverse effect on our financial condition or results of operations.

Effective Internal Controls

Effective internal controls are necessary for the Corporation to provide reliable financial reports, manage the Corporation's risk exposure and to help prevent fraud. Although the Corporation undertakes a number of procedures in order to help ensure the reliability of its financial reports, including those imposed on it under Canadian securities laws, the Corporation cannot be certain that such measures will ensure that the Corporation will maintain adequate control over financial processes and

reporting. If the Corporation or its independent auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Corporation's financial statements and reduce the trading price of the Common Shares.

Risk of Pending and Future Legal Proceedings

Alleged failure by Parkland to comply with laws and regulations may lead to the imposition of fines, penalties, or the denial, revocation or delay of the renewal of permits and licenses by governmental authorities. In addition, governmental authorities as well as third parties may claim that Parkland is liable for loss or damage, such as environmental damage. Also, Parkland may be the subject of litigation by customers, suppliers and other third parties. A significant judgment against Parkland, the loss of a significant permit or other approval, the imposition of a significant fine or penalty, or other unfavourable results, may, in certain circumstances, result in an event of default under certain of our agreements (including debt agreements) and, in any case, may materially and adversely affect Parkland's business, prospects, results of operations and/or financial condition. Unfavourable results, government investigations, or settlements may also encourage other parties to commence additional legal proceedings, and may cause negative publicity and reputational damage. Legal proceedings are expensive, time consuming and may divert management's attention away from the operation of Parkland's business.

Changes in Credit or Debit Card Expenses

A significant portion of Parkland's sales involve payment using credit or debit cards. Parkland is assessed fees as a percentage of individual transaction amounts and not as a fixed dollar amount or percentage of Parkland's gross profits. Higher motor fuel prices result in higher credit and debit card expenses, and an increase in credit or debit card use or an increase in fees would have a similar effect. Therefore, credit and debit card fees charged on motor fuel purchases are in aggregate, greater as a result of higher motor fuel prices. Such fees may result in lower gross profits. Lower gross profits on motor fuel sales caused by higher fees will decrease our overall gross profit and could have a material adverse effect on Parkland's business, financial conditions and results of operations.

Government Legislation

Cost of Compliance with Laws and Regulations

Parkland is subject to numerous federal, state and local provisions regulating Parkland's business and operations and it incurs and expects to incur significant expenses to comply with these laws and regulations.

Parkland has established reserves for the future cost of known compliance obligations, such as remediation of identified environmental impacts. However, these reserves may prove inadequate to meet its actual liability. Moreover, amended, new or more stringent requirements, stricter interpretations of existing requirements or the future discovery of currently unknown compliance issues may require Parkland to make material expenditures or subject it to liabilities that it currently does not anticipate.

Cost of failing to abide by Laws and Regulations

Parkland operates in several jurisdictions in a highly regulated industry. The cost of compliance with laws and regulations can have a material adverse effect on our operating results and financial condition. Failure to appropriately operate within each regulatory jurisdiction could lead to fines, penalties and unfavourable tax assessments that could adversely affect our business and our operating results.

Furthermore, transportation fuel sales are taxed by the federal, provincial, state and, in some cases, municipal governments. Material increases in taxes or changes in tax legislation are possible and could have a material effect on the profitability of the Corporation. In addition, various federal, state and local agencies have the authority to prescribe specific product quality specifications to the sale of commodities. Changes in product quality specifications, such as reduced sulfur content in refined petroleum products, or other more stringent requirements for fuels, could reduce Parkland's ability to procure product and its sales volume, require Parkland to incur additional handling costs, or require the expenditure of capital. If Parkland is unable to procure product or to recover these costs through increased sales, its ability to meet its financial obligations could be

adversely affected. Failure to comply with these regulations could result in substantial penalties. Any changes in the laws or regulations that are adverse to us or our properties could affect our operating and financial performance.

Tobacco and Vape Products Legislation

Sales of tobacco products have historically accounted for a significant portion of our total sales of convenience store merchandise. Increases in wholesale cigarette costs and tax increases on tobacco products, as well as future legislation, national and local campaigns to discourage smoking in Canada, and increased use of tobacco alternatives such as electronic cigarettes, may have an adverse effect on the demand for tobacco products, and therefore reduce Parkland's revenues and profits. Competitive pressures in Parkland's markets can make it difficult to pass price increases on to customers. These factors could materially and adversely affect the retail prices of cigarettes, cigarette unit volume and sales, merchandise gross profit and overall customer traffic. Reduced sales of tobacco products or smaller profits on the sales Parkland makes could have a material adverse effect on Parkland's business, financial condition and results of operations.

Currently, major cigarette manufacturers offer substantial rebates to retailers in certain jurisdictions. Parkland includes these rebates as a component of its gross profits. In the event these rebates are no longer offered, or decreased, Parkland's profit from cigarette sales will decrease accordingly. In addition, reduced retail display allowances on cigarettes offered by cigarette manufacturers, and, increasingly, regulations with respect to vape products, negatively affect gross profits. These factors could materially affect the retail price of cigarettes and vape products, cigarette and vape product unit volume and revenues, merchandise gross profit and overall customer traffic, which could in turn have a material adverse effect on Parkland's business, financial condition and results of operations.

Future Capital Needs

Parkland may find it necessary in the future to obtain additional debt or equity financing to support Parkland's ongoing operations, undertake capital expenditures, finance expansion, develop new services, respond to competitive pressures, acquire businesses, repay existing or future indebtedness or take advantage of unanticipated opportunities. There can be no assurance that such additional funding, if needed, will be available on terms acceptable to Parkland, or at all, and any volatility or uncertainty in the credit markets in the future may increase costs associated with issuing debt. If adequate funds are not available on acceptable terms, Parkland may be unable to develop or enhance its business, take advantage of future opportunities, respond to competitive pressures, declare and pay dividends or increase Parkland's vulnerability in a downturn in general economic conditions, any of which could have a material adverse effect on its business, financial conditions and operating results. In addition, in the event that Parkland's activities are financed partially or wholly with debt, such debt levels may exceed industry standards and the level of Parkland's indebtedness from time to time could impair Parkland's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Credit Ratings

Credit ratings affect Parkland's financing costs, liquidity and operations over the long term and are intended as an independent measure of the credit quality of Parkland's long-term debt. Credit ratings affect Parkland's ability to obtain short and long-term financing and the cost of financing, and correspondingly, may impact Parkland's ability to engage in certain business activities cost-effectively. See "Future Capital Needs" above.

Credit ratings may not reflect all risks associated with an investment in any of Parkland's securities. The credit ratings applied to the Senior Notes are an assessment by the relevant ratings agency of Parkland's ability to pay its obligations as of the respective dates the ratings are assigned. The credit ratings may not reflect the potential impact of risks related to structure, market or other factors discussed herein on the value of the notes. Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities. The credit ratings accorded to the Senior Notes are not a recommendation to purchase, hold or sell any of the Senior Notes, because ratings agencies do not comment as to market price or suitability for a particular investor. There cannot be any assurance that any credit rating assigned to any of the Senior Notes will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. A lowering or withdrawal of such rating may have an adverse effect on the market value of the Senior

Notes. In addition, real or anticipated changes in credit ratings can affect the cost at which Parkland can access public or private debt markets.

Reputation

Reputational risk is inherent in every business decision and there is the potential that a decision or other negative impact could result in the deterioration of the Corporation's reputation with key customers and suppliers. Public attitude towards Parkland may be negatively affected by new policies and emerging technologies which have the effect of steering the public away from petroleum-based fuels or non-fuel dependent means of transportation. In addition, certain hazards inherent to operating a petroleum-based business, including environmental hazards and sustainability concerns, could lead to a deterioration of Parkland's reputation with the public. Negative changes to Parkland's reputation could have a material adverse effect on the Corporation's business, financial condition and future prospects.

Common Shares

We cannot predict the prices at which our Common Shares may trade in the future. The market price of our Common Shares may fluctuate widely, depending upon many factors, some of which may be beyond our control, including:

- a shift in our investor base;
- our quarterly or annual earnings, or those of other companies in our industry;
- actual or anticipated fluctuations in our operating results;
- announcements by us or our competitors of significant acquisitions or dispositions;
- developments affecting Parkland's customers;
- national and international economic conditions;
- changes in earnings estimates by securities analysts or our ability to meet our earnings guidance;
- the operating and stock performance of other comparable companies; and
- overall market fluctuations and general economic conditions.

Stock markets in general have also experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations could negatively affect the trading price of our Common Shares.

Additionally, Parkland may issue additional Common Shares in the future to finance certain capital expenditures, including acquisitions. Parkland is permitted to issue an unlimited number of Common Shares under its constating documents. Any issuance of Common Shares may have a dilutive effect on the Shareholders. Parkland may also issue preferred shares in one or more series for which the Board of Directors has the discretion to determine the number issued and the rights, privileges, restrictions and conditions attached to such shares.

Dividends

Parkland has historically paid regular cash dividends on a monthly basis. However, the timing, declaration, amount and payment of future dividends to Shareholders will fall within the discretion of the Board of Directors. There can be no assurance that we will continue to pay any dividends.

Calamitous Events

Calamitous events, such as terrorist attacks, technological attacks, pandemics, escalation of military activity, domestic and global trade disruption, may have significant effects on general economic conditions, consumer confidence, consumer spending, travel, and tourism. These events, including the COVID-19 pandemic, may disproportionately impact various customers of the Corporation, such as cruise ships and airlines. All these could have a material adverse effect on the Corporation. Strategic targets, such as energy-related assets, may be at greater risk of possible future attacks than other targets within the geographic area that the Corporation operates.

Transportation

Parkland's products and the feedstock for the Burnaby Refinery are transported and supplied using a variety of methods and Parkland may be subject to any interruptions or restrictions to such transportation which may limit Parkland's ability to deliver Parkland's products and could have a material adverse effect on the Corporation's business, results of operations or prospects. In addition, the delivery of Parkland's products by railcar through Elbow River may be impacted by service delays, inclement weather or derailment. Parkland's products or railcars may be involved in a derailment or incident that results in legal liability or reputational harm. In addition, recent amendments to the Transportation of Dangerous Goods Regulations, SOR/2001-286, by the Canadian government impose new safety standards, and update certain existing safety standards, relating to the transportation of dangerous goods by rail car including, but not limited to, upgraded safety standards for rail tank cars, new emergency response assistance plans and more rigorous classification testing requirements for certain products including petroleum crude oil. These amendments may increase Parkland's overall cost of business and the economics associated with rail transportation. Further, the introduction of new laws or regulations related to the transportation of products by rail may also adversely affect Parkland's ability to deliver Parkland's products by rail or the economics associated with rail transportation.

In addition, Parkland's operations in the Caribbean, northern South America and the southeast United States involve transportation of petroleum products by marine vessels. The reliability of marine transportation may be affected by inclement weather, including hurricanes. Additionally, an incident involving the release of petroleum products into a marine environment may result in legal liability to Parkland and damage to its reputation.

Any such interruptions, restrictions, delays, adverse weather, derailment, incident or the impact, or coming into force, of new regulations affecting any of the methods of transportation used by Parkland could adversely affect Parkland's ability to deliver its products, the economics associated with certain methods of transportation (including by rail) and/or materially and adversely affect Parkland's business, prospects, results of operations and/or financial condition.

Foreign Exchange Risk

Parkland is exposed to foreign exchange risk through its production of refined products that are customarily priced in US dollars and its investments in the United States including, but not limited to, its US subsidiaries. Changes in the Canada/United States exchange rate could impact the earnings of Parkland, the value of the United States investments and the cash generated from Parkland's business. Parkland's net investment in its US subsidiaries, which have a US dollar functional currency, presents a foreign currency risk to the Corporation, which has a Canadian dollar functional currency. Additionally, following the Sol Transaction Parkland's net investment in Sol, which has a US dollar functional currency, will increase the foreign currency risk to the Corporation. In addition, certain of Parkland's subsidiaries have functional currencies in various currencies in the Caribbean region. Certain of these currencies are less liquid than US and Canadian dollars and therefore pose foreign exchange risk. Specifically, Parkland may accumulate significant amounts of local currencies through sales in local markets and be unable to readily convert such currencies into US or Canadian dollars. Such currencies may experience devaluation against the US dollar or Canadian dollar, resulting in a loss to Parkland. Given the volatility of exchange rates, Parkland may not be able to manage its currency risks effectively or at all, which could have a material adverse effect on its financial condition or results of operations.

The North American Free Trade Agreement

The North American Free Trade Agreement among Canada, the United States and Mexico ("**NAFTA**") currently prohibits discriminatory border restrictions and export taxes and the imposition of minimum or maximum export or import price requirements except with respect to the enforcement of countervailing and anti-dumping orders and undertakings. In addition, the signatories to NAFTA agree to ensure that their regulatory bodies provide equitable implementation of regulatory measures and minimize the disruption of contractual arrangements.

Renegotiation of NAFTA has resulted in the United States – Mexico – Canada Agreement (the "**USMCA**"). The USMCA was signed on November 30, 2018. The US ratified the USMCA on January 29, 2020, and Mexico before that, leaving Canada as the last country to secure ratification. On January 29, 2020 the Canadian Government tabled implementation legislation

that when passed would allow for the ratification of USMCA. As there is a minority government in Canada the passage of this legislation could be delayed taking a number of months. The USMCA does not come into effect until 90 days after the final country ratifies the agreement. If the USMCA is not fully ratified, further renegotiations of NAFTA that materially alter the terms of trade for energy resources, or if the United States were to withdraw from NAFTA, with or without a replacement agreement, could have a material adverse effect on Parkland's financial condition and/or results from operations

The USMCA may have some impacts on the terms of trade for energy resources. In particular, while the USMCA preserves the dispute-resolution mechanism found under Chapter 19 of NAFTA, it eliminates the availability of the investor-state dispute settlement mechanism between Canada and the United States. The USMCA includes new anti-corruption measures including, the criminalization of both the supply and demand sides of bribery transaction and condemns facilitation payments. Subject to its ratification, the USMCA may have unintended consequences on trade between the United States, Canada and Mexico which could have a material adverse effect on Parkland's financial condition and/or results from operations.

If the USMCA is not ratified, further renegotiations of NAFTA that materially alter the terms of trade for energy resources, or if the United States were to withdraw from NAFTA, with or without a replacement agreement, could have a material adverse effect on Parkland's financial condition and/or results from operations.

International operations

Sol

Certain of the businesses operated by Sol are subject to the risks normally associated with any conduct of business in emerging markets including political or social unrest, changes in laws and regulations, changes in the tax regimes, uncertainty regarding the enforceability of contractual, property, and other legal rights in local courts, unpredictable government actions, and delays in obtaining or the inability to obtain necessary governmental permits or the reimbursement of refundable tax from fiscal authorities. These risks may negatively impact operations and revenues.

The economic and political systems of certain jurisdictions in which Sol operates are less predictable than in countries such as Canada and the United States, resulting in an increased risk of sudden and unforeseen regulatory changes or governmental or administrative action which could have a material and adverse effect on Parkland's future cash flows, earnings, results of operations and/or financial condition.

Moreover, some of these jurisdictions present an increased risk of incidents of bribery, collusion, kickbacks, theft, improper commissions, facilitation payments, conflicts of interest and related party transactions, and may require additional compliance procedures with applicable anti-corruption legislation including the FCPA, the Canadian Corruption of Foreign Public Officials Act, the UK Bribery Act, and the French Sapin II law. Parkland's failure to identify, manage and mitigate instances of fraud, corruption, violations of its code of conduct, or applicable legislative and regulatory requirements increase the risk that Parkland may be implicated in such incidents and require Parkland to incur costs compliance with any sanctions thereunder.

Collectively, these risks could result in a disruption of Parkland's operations, increase costs to Parkland, and could have a material adverse effect on Parkland's business, financial condition, and results of operations.

Operating in New Jurisdictions

Parkland purchases assets that operate in jurisdictions which are new to Parkland. Parkland must familiarize itself with the relevant legislation and regulations of the new jurisdiction including local labour laws and environmental laws. While Parkland will benefit from the experience and expertise of the management and employees associated with purchased assets, learning to operate in new jurisdictions may be an expensive and resource-intensive process.

AUDIT COMMITTEE INFORMATION

Audit Committee Mandate

The mandate of the Audit Committee (the “**Audit Committee Mandate**”) of the Corporation is set forth in Appendix 1 of this Annual Information Form.

Composition of the Audit Committee

The Audit Committee is a standing committee appointed by the Board of Directors to assist the Board of Directors in fulfilling its oversight responsibilities with respect to financial reporting by the Corporation. The Audit Committee of the Corporation currently consists of three members, all of whom are independent and financially literate in accordance with the definitions in National Instrument 52-110 Audit Committees. The relevant education and experience of each Audit Committee member is outlined below.

Deborah Stein, FCPA, FCA

From 2005 to 2016 Ms. Stein was employed by AltaGas Ltd. She held the role of SVP Finance and Chief Financial Officer from 2008 to 2015. She also held the role of Chief Financial Officer and Corporate Secretary of AltaGas Utilities Group Inc. from 2005 to 2006. Prior to holding the role as CFO of AltaGas Ltd. Ms. Stein held the positions of VP Finance and VP Corporate Risk. Prior to joining AltaGas, Ms. Stein was employed at TransCanada Corporation. In her early career she led the finance functions of Wendy’s Restaurants of Canada and Paramount Canada’s Wonderland. Ms. Stein is a CPA, CA, holds the ICD.D designation from the Institute of Corporate Directors and holds a Bachelor of Arts degree in Economics (Honours) from York University. Ms. Stein chairs the audit committee of Parkland and is a member of the Human Resources and Corporate Governance Committee. Ms. Stein also sits on the board of directors of NuVista Energy Ltd., Trican Well Services Ltd. and Aecon Group Inc. She chairs the Audit Committee of NuVista Energy Ltd., chairs the Audit Committee of Aecon Group Inc., is a member of the Audit Committee of Trican Well Services Ltd. and is a member of the Human Resources Committees of both NuVista Energy Ltd., Trican Well Service Ltd. and sits on various private boards. Ms. Stein was appointed to the board of directors of CEDA International Inc. in March 2014 and chairs its Audit and Risk Committee. She is Chair of the National Board of Financial Executives International, Canada and was a Trustee of the Calgary Zoo from 2011 to 2015.

Domenic Pilla

Mr. Pilla retired from his role of Chief Executive Officer of McKesson Canada in 2019. Prior to this, he served as the President of Shoppers Drug Mart Corporation, a subsidiary of Loblaw Companies Limited, and as a director of Loblaw Companies Limited from April 1, 2014 until January 9, 2015. Mr. Pilla also served as Chief Executive Officer and sat on the Board of Directors of Shoppers Drug Mart Corporation from November 1, 2011 until March 31, 2014. Prior to his current roles, Mr. Pilla served on the board of Domtar Corporation and its Human Resources and Compensation Committee until January 3, 2017. From January 2001 to October 2011, Mr. Pilla led McKesson Canada (a wholly-owned subsidiary of McKesson Corporation), in various senior leadership roles. Mr. Pilla has also served as President of Canadian Operations of RNG Group Inc., a privately-owned Toronto-based company. During his 18-year tenure with Petro-Canada, Mr. Pilla held a number of senior positions in distribution, sales and retail, including Vice-President of the Central Region. In holding such varied senior leadership positions, Mr. Pilla gained substantial experience in, among other things, actively supervising persons engaged in preparing, auditing, analyzing and evaluating financial statements and has gained an understanding of the controls and procedures required for financial reporting.

Steven Richardson

Mr. Richardson has more than 30 years of experience working in financial roles in Canada’s retail, financial services, and oil and gas sectors. Mr. Richardson served as Hudson’s Bay Company’s Chief Financial Officer from 2006 until his retirement in 2009. Mr. Richardson previously held various senior financial positions within Hudson’s Bay Company between 2003 and 2006. Prior to joining the Hudson’s Bay Company, Mr. Richardson was Chief Financial Officer of Wells Fargo Financial Corporation Canada and Chief Financial Officer and Executive Vice President of Associates Financial Services of Canada and Chief Financial Officer of Beneficial Canada Inc. Mr. Richardson began his career at Imperial Oil Limited, holding positions in

the corporate finance and controller departments. Mr. Richardson is a CPA CMA, holds a Bachelor of Arts in Economics and Commerce (Honours), and completed the Senior Executive Leadership Program at Columbia University. He is also a graduate of the Rotman School of Management, Director's Education Program and holds the ICD.D designation. Mr. Richardson was a member of the board of directors of RONA Inc. from 2013 to 2016 and was a member of the Audit Committee, the Human Resource and Compensation Committee, and the Strategic Review Committee. From 2010 to 2013, he was a member of the board of directors, as well as the chair of the Corporate Governance and Compensation Committee and a member of the Audit Committee of Sterling Shoes Inc., was a director of Easyhome Ltd. from June 2011 to December 2011, and co-chaired its Compensation Committee, chair of its Special Committee and he was a member of its Audit Committee. Mr. Richardson sits on the board of directors, Pension Investment Committee and Chairs the Audit Committee of SupremeX Inc. In addition to his role on Parkland's Audit Committee, Mr. Richardson sits on the HRGC Committee.

Pre-approval Policies and Procedures

Under the Audit Committee Mandate, the Audit Committee is required to approve the terms of the engagement and the compensation to be paid to the external auditor of the Corporation. In addition, the Audit Committee is required to review and pre-approve non-audit services provided by the external auditor as required by National Instrument 52-110 Audit Committees.

External Auditor Services Fees by Category

PricewaterhouseCoopers LLP were first appointed auditors of a predecessor to the Corporation in 2004. In 2019 and 2018, Parkland incurred fees to its external auditors, PricewaterhouseCoopers LLP, as follows:

Description	2019	2018
Audit fees ⁽¹⁾	\$3,434,000	\$ 1,168,100
Audit-related fees ⁽²⁾	\$1,190,000	\$ ⁽⁵⁾ 816,567
Tax fees ⁽³⁾	\$ 117,591	\$ 52,242
All other fees ⁽⁴⁾	\$ 158,460	\$ 109,588
Total	\$4,900,051	\$ ⁽⁵⁾2,146,497

- (1) "Audit Fees" means the aggregate fees paid and payable to the issuer's external auditor and other accounting firms for audit services as well as the audit fees for the statutory or regulatory audits conducted for subsidiaries operating in the Caribbean region (2019: \$1,904,000; 2018: \$0). The specific audit fees for other accounting firms totaled US\$330,037/ CAD\$440,000.
- (2) "Audit-Related Fees" means the aggregate fees paid and payable for the last fiscal year for assurance and related services by the issuer's external auditor that are reasonably related to the performance of the audit or review of the issuer's financial statements and are not reported under clause (1) above. Activities in 2019 include the review of interim consolidated financial statements, review of purchase price allocations, audit of the adoption of new accounting standards, system conversion and upgrade testing, and procedures performed for the offering memorandum and prospectuses, translation of annual and quarterly financial statements and MD&A.
- (3) "Tax Fees" means the aggregate fees paid and payable in the last fiscal year for professional services rendered by the issuer's external auditor for tax compliance, tax advice and tax planning.
- (4) "All Other Fees" means the aggregate fees billed in the last fiscal year for products and services provided by the issuer's external auditor, other than the services reported under clauses (1), (2) and (3), above. Activities in 2019 include National Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") testing, contract risk analysis and testing and review of global mobility programs. Activities in 2018 included National Instrument 52-109 – Certification of Disclosure Issuer's Annual and Interim Filings ("NI 52-109") testing.
- (5) For comparative purposes to last year's Annual Information Form, Audit-related fees and Total were restated reflecting a change based on additional Audit-related fees for 2018 that were billed after the issuance of the 2018 Annual Information Form.

DIVIDENDS

Dividends Paid by the Corporation and Dividend Policy

Commencing in January 2011 through February 2013, the Corporation declared and paid a monthly dividend of \$0.085 per Common Share. Parkland has declared and paid a monthly dividend as follows:

March 2013 through February 2014: declared and paid a monthly dividend of \$0.0867 per Common Share equivalent to \$1.04 per Common Share annually.

March 2014 through February 2015: declared and paid a monthly dividend of \$0.0883 per Common Share equivalent to \$1.06 per Common Share annually.

March 2015 through February 2016: declared and paid a monthly dividend of \$0.09 per Common Share equivalent to \$1.08 per Common Share annually.

March 2016 through February 2017: declared and paid a monthly dividend of \$0.0945 per Common Share equivalent to \$1.134 per Common Share annually.

March 2017 through February 2018: declared and paid a monthly dividend of \$0.0962 per Common Share equivalent to \$1.1544 per Common Share annually.

March 2018 through February 2019: declared and paid a monthly dividend of \$0.0978 per Common Share equivalent to \$1.1740 per Common Share annually.

March 2019 through February 2020: declared and paid a monthly dividend of \$0.0995 per Common Share equivalent to \$1.194 per Common Share annually.

In March 2020, the Corporation declared a monthly dividend of \$0.1012 per Common Share, equivalent to \$1.2144 per Common Share annually payable on April 15, 2020.

The declaration of dividends is at the sole discretion of the Board of Directors and the amount of dividends declared by the Corporation and the frequency of payment thereof, if any, may vary from time to time as a consequence of a number of factors, including, without limitation, retail pricing and margins, availability and pricing of petroleum product supply, volatility of crude oil prices, capital expenditure requirements, operating costs and compliance with any restrictions on the declaration and payment of dividends contained in any agreement to which Parkland is a party from time to time (including, without limitation, the Credit Agreement and the Senior Note Indentures) and the satisfaction of the liquidity and solvency tests imposed by the Business Corporations Act for the declaration and payment of dividends.

Dividend Reinvestment Plan

The Corporation has a dividend reinvestment plan that allows shareholders to reinvest their cash dividends to purchase additional Parkland shares from treasury at a 5% per share discount to the daily volume weighted average trading price on the applicable dividend payment date (the “**Dividend Reinvestment Plan**”). The Dividend Reinvestment Plan allows Parkland to retain amounts that would otherwise be paid to shareholders as dividends in cash, thereby incrementally raising equity capital which may be used by Parkland to, among other things, fund its capital program, fund acquisitions, , all of which help contribute to Parkland’s growth and ability to execute on its strategy.

Shareholders interested in participating in the Dividend Reinvestment Plan can find out more at Parkland’s website: www.parkland.ca. A copy of the enrolment form is available from Computershare Trust Company of Canada (“**Computershare**”) through their website at www.computershare.com or by calling 1-800-564-6253, or from Parkland through its website at www.parkland.ca or by calling 403-357-6400.

DESCRIPTION OF CAPITAL STRUCTURE

Share Capital

The authorized capital of the Corporation consists of an unlimited number of Common Shares and preferred shares issuable in series. The following is a summary of the rights, privileges, restrictions and conditions attaching to the securities of the Corporation which comprise the share capital of the Corporation.

Common Shares

As at March 18, 2020, there were 148,564,532 Common Shares issued and outstanding.

Each Common Share entitles the holder to receive notice of and to attend all meetings of the Shareholders and to one vote at such meetings. The holders of Common Shares will be, at the discretion of the Board of Directors and subject to applicable legal restrictions, entitled to receive any dividends declared by the Board of Directors on the Common Shares. The holders of Common Shares will be entitled to share equally in any distribution of the assets of the Corporation upon the liquidation, dissolution, bankruptcy or winding-up of the Corporation or other distribution of its assets among its shareholders for the purpose of winding-up its affairs.

Shareholder Rights Plan

At the annual and special meeting of the Shareholders held in 2017, Shareholders approved, by ordinary resolution, the adoption of an amended and restated shareholder rights plan (the “**Rights Plan**”) dated as of March 3, 2017, between Parkland and Computershare, as rights agent. The objectives of the Rights Plan are to ensure, to the extent possible, that all Shareholders are treated equally and fairly in connection with any take-over bid or similar proposal to acquire Common Shares. The Rights Plan is intended to provide the Board of Directors and the Shareholders more time to fully consider any unsolicited take-over bid for Parkland without undue pressure, allow the Board of Directors to pursue, if appropriate, other alternatives to maximize shareholder value and allow additional time for competing bids to emerge for Shareholders. Take-over bids may be structured in such a way as to be coercive or discriminatory in effect, or may be initiated at a time when it will be difficult for the Board of Directors to prepare an adequate response. Such offers may result in Shareholders receiving unequal or unfair treatment, or not realizing the full or maximum value of their investment in Parkland.

The Rights Plan is intended to discourage the making of unsolicited takeover bids by creating the potential for significant dilution to any offeror who does so. This potential is created through the issuance to all Shareholders of contingent rights to acquire additional Common Shares at a significant discount to the then prevailing market prices, which could, in certain circumstances, become exercisable by all Shareholders other than an offeror and its associates, affiliates and joint actors.

The Rights Plan does not affect in any way Parkland’s financial condition. The initial issuance of the rights will not dilute the Common Shares and will not affect reported earnings or cash flow per share until the rights separate from the underlying Common Shares and become exercisable. The Rights Plan does not lessen or affect the duty of the Board of Directors to give due and proper consideration to any offer that is made and to act honestly, in good faith, and in the best interests of Parkland and its Shareholders. The Rights Plan is designed to provide the Board of Directors with the means to negotiate with an offeror and with sufficient time to seek out and identify any potential alternative transactions on behalf of the Shareholders. The Rights Plan must be reapproved every third annual meeting of shareholders.

On March 5, 2020, the Board of Directors approved the renewal of the Rights Plan and has recommended to Parkland’s Shareholders that they approve, by ordinary resolution, the renewed Rights Plan at the annual and special meeting of Shareholders to be held on May 7, 2020.

A copy of the agreement between the Corporation and Computershare, as rights agent, establishing the Rights Plan is available on SEDAR at www.sedar.com.

Preferred Shares

As of the date of this Annual Information Form, there were no preferred shares of the Corporation issued and outstanding.

The preferred shares of the Corporation are issuable in one or more series. The Board of Directors is empowered to fix the number of preferred shares and the rights, privileges, restrictions and conditions to be attached to the preferred shares of each series. As a result of Parkland's discussions with certain proxy advisory firms, Parkland agreed to limit the number of preferred shares that may be authorized for issuance at any given time to a maximum of 5,000,000.

Indebtedness

General

The Senior Notes are direct senior unsecured obligations of the Corporation and rank pari passu in right of payment with all other existing and future senior indebtedness of the Corporation.

Subject to certain exceptions, the Senior Note Indentures governing the Senior Notes contains a number of covenants that, among other things, restrict the Corporation and certain of its subsidiaries ability to: create liens on its assets; liquidate, dissolve or wind up; transfer or sell assets; incur debt; pay dividends on shares, repurchase shares, repay debt or make other restricted payments; enter into hedges other than in certain circumstances; enter into transactions with affiliates; consolidate, merge or transfer all or substantially all of their assets; and make certain acquisitions over a certain limit.

Redemption

The Senior Notes are redeemable by the Corporation on the dates and at the prices included in the table below. The Senior Notes are also redeemable under certain other circumstances and prices, as set out in the Senior Note Indentures governing each of the Senior Notes each of which are available on the Corporation's profile at www.sedar.com. For further information, please see Note 12 of Parkland's audited consolidated financial statements for the year ended December 31, 2019 regarding the Senior Notes.

Senior Notes	Redemption Date	Redemption Prices	
		Year	Price
5.50% Senior Notes	May 28	2017	104.125%
		2018	102.750%
		2019	101.375%
		2020 and thereafter	100.000%
6.00% Senior Notes	November 21	2017	104.500%
		2018	103.000%
		2019	101.500%
		2020 and thereafter	100.000%
5.75% Senior Notes	September 16	2019	104.313%
		2020	102.875%
		2021	101.438%
		2022 and thereafter	100.000%
5.625% Senior Notes	May 9	2020	104.219%
		2021	102.813%
		2022	101.406%
		2023 and thereafter	100.000%
2026 6.00% US Senior Notes	April 1	2021	104.500%
		2022	103.000%
		2023	101.500%
		2024 and thereafter	100.000%
2027 6.50% Senior Notes	January 21	2022	104.875%
		2023	103.250%
		2024	101.625%
		2025 and thereafter	100.000%
2027 5.875% US Senior Notes	July 15	2022	104.406%
		2023	102.938%
		2024	101.469%
		2025 and thereafter	100.000%

Change of Control

Upon the occurrence of a change of control (as defined in each of the Senior Note Indentures), the holders of the Senior Note may require the Corporation to repurchase such holder's Senior Notes, in whole or in part, at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

Credit Agreement

In connection with the closing of the Sol Transaction, Parkland entered into the Credit Agreement on January 8, 2019, which was further amended on April 9, 2019, May 30, 2019, November 25, 2019 and December 19, 2019. The following is a summary of the material terms of the Credit Agreement:

Amount and Term

The Credit Agreement provides for the credit facilities described below to be made available to Parkland, Parkland Refining (B.C.) Ltd., Elbow River Marketing Ltd., Parkland (U.S.) Financing Corp., Parkland USLP and Parkland (U.S.) Supply Corp. (USSC) (collectively, the "North American Borrowers") and Sol Investments Limited and certain of its subsidiaries (collectively the "Caribbean Borrowers" and, together with the North American Borrowers, the "Borrowers").

The credit facilities under the Credit Agreement consist of: (i) a Cdn\$330 million revolving credit facility (the "CAD Revolver"); (ii) a Cdn.\$70 million revolving operating facility (iii) a US\$470 million revolving credit facility (the "US Revolver"); (iv) a US\$80 million revolving operating facility; (v) a US\$110 million revolving facility available to certain of the Caribbean Borrowers; and (vi) an aggregate of the equivalent of US\$120 million revolving facility available to certain of the Caribbean Borrowers in US dollars, Barbadian dollars, East Caribbean dollars, Guyanese dollars and Surinamese dollars pursuant to bilateral agreements ("**Bi-lateral Agreements**") to be entered into between certain Caribbean Borrowers and certain lenders (collectively all of the foregoing credit facilities are the "Credit Facilities"). The Credit Facilities described in (i) through (vi) have a maturity date of January 8, 2023. The CAD Revolver and US Revolver described in clauses (i) and (ii) above have an accordion feature allowing them to be increased by an aggregate amount not to exceed Cdn.\$500 million (or the US dollar equivalent thereof).

Letters of Credit

Letters of credit will be made available in Canadian or US dollars under the Credit Facilities subject to the following aggregate maximum amounts: (i) Cdn\$200,000,000 under the Canadian Syndicated Facilities; (ii) US\$200,000,000 under the US Syndicated Facility; and (iii) US\$25,000,000 under the Caribbean Tranche A Facility. Additionally, letters of credit will be available in the currencies and the amounts set out under the applicable Bi-Lateral Agreements under the Caribbean Tranche B Facility.

Interest Rates and Fees

The interest rate on loans under the Credit Facilities that are (i) denominated in US dollars will, at the option of the Borrowers, be either a margin over a US base rate or a margin over LIBOR (ii) denominated in Canadian dollars will, at the option of the Borrowers, be either a margin over the Canadian prime rate or a margin over the bankers' acceptance rate and (iii) denominated in Euros will be based on a margin over EURIBOR; such margins will be based on the then applicable ratio of total funded debt to EBITDA. The interest rates applicable to borrowings in other currencies under the Caribbean Tranche B Facility will be determined pursuant to the terms of the applicable Bi-Lateral Agreement.

Repayment

The Credit Facilities will be required to be repaid on their respective maturity dates noted above.

Guarantees and Security

The Credit Facilities are fully secured by Parkland and its material subsidiaries by way of a security interest in substantially all of their respective assets, secured by a perfected first priority lien, subject to certain encumbrances, as security for their obligations to the agent and the lenders under the Credit Facilities. In addition, Parkland and its material subsidiaries are required to guarantee the obligations of the Borrowers to the agent and lenders under the Credit Facilities.

Certain Covenants and Events of Default

Subject to certain exceptions, the Credit Agreement contains a number of covenants that, among other things, restrict the Borrowers (and, in certain cases, the Borrower's subsidiaries' and Parkland's material subsidiaries') ability to: change the nature of their business or operations in any material respect; create liens on their assets; liquidate, dissolve or wind up; transfer or sell assets, including shares of subsidiaries; incur or guarantee additional debt or other obligations, issue certain equity securities or enter into sale and leaseback transactions other than in limited circumstances; in certain circumstances, hold cash in excess of set amounts; make certain investments or acquisitions over a certain limit; grant certain guarantees or other forms of financial assistance; pay dividends on shares, repurchase shares, redeem subordinated debt or make other restricted payments; enter into hedges other than in limited circumstances; enter into transactions with affiliates; consolidate, merge or transfer all or substantially all of their assets; or change their fiscal year unless certain conditions are met.

The Credit Agreement contains customary affirmative covenants and events of default.

The Credit Agreement also requires Parkland to maintain specified financial ratios and satisfy specified financial tests.

Credit Ratings

The Senior Notes are rated BB stable from Standard & Poor's Rating Services, a division of McGraw Hill Financial, Inc. ("**S&P**"), BB positive from DBRS Limited ("**DBRS**"), and BB stable from Fitch Ratings ("**Fitch**"). In addition, the 2026 US 6.00% Senior Notes and the 2027 US 5.875% Senior Notes have a rating of Ba3 stable from Moody's Investors Services ("**Moody's**").

S&P's credit ratings are on a long-term debt rating scale that ranges from AAA to D, which represents the range from highest to lowest quality of such securities rated. A rating of BB is the fifth highest of ten major categories. According to the S&P rating system, an obligor with debt securities rated BB is less vulnerable to nonpayment than other speculative issues, however, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation. The addition of a plus (+) or minus (-) designation after a rating indicates the relative standing within a particular rating category.

DBRS rates long-term debt instruments by rating categories ranging from "AAA" to "D", which represents the range from highest to lowest quality of such securities rated. All rating categories other than "AAA" and "D" also contain subcategories "(high)" and "(low)". The absence of either a "(high)" or "(low)" designation indicates the rating is in the middle of the category. A rating of BB is characterized by DBRS to be speculative and non-investment grade credit quality, where the capacity for the payment of financial obligations is uncertain and vulnerable to future events. The BB category is the fifth highest of ten available rating categories.

Fitch's rates long-term debt instruments and financial strength by categories ranging from "AAA" to "D", which represents the range from highest to lowest quality of such securities rated. Fitch may use modifiers of "+" or "-" to denote relative status within major rating categories. A rating of BB is the fifth highest of ten major categories and is characterized by Fitch as indicating an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, the business or financial alternatives may be available to allow financial commitments to be met.

Moody's long-term debt ratings are on a scale from Aaa to C, which represents the range from highest to lowest quality of such securities rated. All rating categories other than Aaa, Ca, and C, also contain subcategories "1", "2", or "3". The subcategory designations indicate the relative standing within a particular rating category, with "1" indicating that the obligation ranks in the higher end of that generic rating category and "3" indicating that the obligation ranks in the lower end of that generic rating category. A rating of Ba3 is the fifth highest of the nine major categories. A Ba3 rating is characterized by Moody's as having speculative elements and subject to substantial credit risk and non-investment grade credit quality.

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issuer of securities. The credit ratings accorded to the notes are not recommendations to purchase, hold or sell such securities inasmuch as such ratings are not a comment upon the market price of the securities or their suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant. A revision or withdrawal of a credit rating

could have a material adverse effect on the pricing or liquidity of the notes in the secondary markets, should such markets develop. Parkland undertakes no obligation to maintain the ratings or to advise holders of the Senior Notes of any change in ratings. Each agency's rating should be evaluated independently of any other agency's rating. See "Risk Factors".

We have paid fees for rating services to S&P, DBRS, Moody's and Fitch, but have not paid fees for other rating agency services during the last two years.

MARKET FOR SECURITIES

Trading Price and Volume of Securities

Common Shares

The Common Shares are listed for trading on the TSX and trade under the symbol “**PKI**”. The following table sets forth the price range and trading volumes for the Common Shares that traded on the TSX, as reported by TSX Historical Data Access, on a monthly basis for each month of the most recently completed financial year:

Month	High	Low	Volume Traded
January	\$37.59	\$34.30	9,065,076
February	\$38.39	\$36.82	6,477,236
March	\$41.22	\$37.32	10,651,813
April	\$42.13	\$39.29	7,565,405
May	\$41.78	\$39.09	8,837,805
June	\$42.80	\$41.35	5,923,136
July	\$44.64	\$41.31	6,827,660
August	\$43.66	\$40.67	7,038,620
September	\$43.84	\$41.90	7,122,957
October	\$46.77	\$42.41	9,170,342
November	\$47.78	\$43.55	19,782,811
December	\$48.41	\$45.86	6,788,093

DIRECTORS AND OFFICERS

Directors

The following table sets forth the name, jurisdiction of residence, committee memberships, principal occupations or employment for the preceding five years and the date of first being appointed as a director of Parkland for each of the directors of the Corporation as at December 31, 2019. The term of each director will expire at the end of the next annual meeting of Shareholders or when their successors are duly elected or appointed.

Name and Jurisdiction of Residence	Principal Occupation During the Five Preceding Years	Director of Parkland Since
John F. Bechtold ⁽¹⁾⁽²⁾⁽⁸⁾ Montreal, Quebec, Canada	Corporate Director.	August 10, 2006
Lisa Colnett ⁽¹⁾ Toronto, Ontario, Canada	Corporate Director. Interim Human Resources Executive of Silver Standard Resources Inc. from April, 2014 – August, 2014.	May 8, 2014
Robert B. Espey Calgary, Alberta, Canada	President and Chief Executive Officer of Parkland since May 1, 2011. President and Chief Operating Officer of Parkland from March 15, 2011 to April 30, 2011. Chief Operating Officer of Parkland from January, 2010 to March, 2011. Vice President of Retail Markets of Parkland from November, 2008 to December, 2009.	May 12, 2011
Timothy Hogarth ⁽²⁾ Toronto, Ontario, Canada	President and CEO of The Pioneer Group Inc. since June 2015 and previously served as Chairman and Chief Executive Officer of Pioneer Energy prior to its acquisition by Parkland in 2015.	June 25, 2015
James Pantelidis ⁽²⁾⁽⁵⁾ Toronto, Ontario, Canada	Corporate Director.	September 7, 1999
Domenic Pilla ⁽²⁾⁽³⁾⁽⁴⁾ Toronto, Ontario, Canada	Corporate Director. CEO of McKesson Canada from 2017 to 2019. President of Shoppers Drug Mart Corporation, a subsidiary of Loblaw Companies Limited from April 1, 2014 to January 9, 2015. Chief Executive Officer of Shoppers Drug Mart Corporation from November 1, 2011 until March 31, 2014.	January 5, 2015
Steven Richardson ⁽¹⁾⁽³⁾⁽⁴⁾⁽⁶⁾ Unionville, Ontario, Canada	Corporate Director.	August 2, 2017
David A. Spencer ⁽²⁾⁽⁷⁾⁽⁸⁾ Calgary, Alberta, Canada	Partner with Bennett Jones LLP from February 2005 until December 31, 2019.	April 30, 2002
Deborah Stein ⁽¹⁾⁽³⁾⁽⁴⁾ Calgary, Alberta, Canada	Corporate Director. Senior Vice President Finance and Chief Financial Officer at AltaGas Ltd. from 2008 to 2015.	May 13, 2016

Notes:

- (1) Member of the Human Resources and Corporate Governance Committee. Chair of the Human Resources and Corporate Governance Committee is Ms. Colnett.
- (2) Member of the Supply and Business Development Advisory Committee. Chair of the Supply and Business Development Advisory Committee is Mr. Pantelidis.
- (3) Member of the Audit Committee. Chair of the Audit Committee is Ms. Stein.
- (4) The members of the Audit Committee have been determined to be independent and financially literate. The education and experience of each Audit Committee member is detailed under the heading "Audit Committee Information".
- (5) Mr. Pantelidis is Chairman of the Board of Directors.
- (6) Mr. Richardson was a member of the board of directors of Sterling Shoes Inc. from June 2010 to January 2013. Pursuant to orders of the Supreme Court of British Columbia, including an initial order dated October 21, 2011, Sterling Shoes Inc. and each of its subsidiaries obtained creditor protection under the CCAA. On November 28, 2014, the BCSC granted an order authorizing, among other things, a final distribution to the creditors of Sterling Shoes GP Inc. and Sterling Shoes Limited Partnership holding individual claims in excess of \$4,600. Furthermore, on September 9, 2013, the British Columbia Securities Commission issued a cease trade order relating to any trading in securities of Sterling Shoes Inc. as a result of Sterling Shoes Inc. not having filed its (i) annual audited financial statements, annual management's discussion and analysis and certification of annual filings for the years ended December 31, 2011 and December 31, 2012 and (ii) interim unaudited financial statements, interim management's discussion and analysis and certification of interim filings for the interim periods ended March 31, 2012, June 30, 2012, September 30, 2012, March 31, 2013, June 30, 2013 and September 30, 2014, by the required deadlines. Related cease trade orders were also issued by securities regulatory authorities in Alberta on December 9, 2013, Ontario on September 16, 2013 (replaced by a permanent cease trade order as of September 27, 2013) and Quebec on September 12, 2013 (replaced by a permanent cease trade order as of September 27, 2013). The cease trade orders remain in effect.
- (7) Mr. Spencer retired as a partner with Bennett Jones LLP, a law firm that provides services to Parkland, on December 31, 2019.
- (8) Member of the Environment, Safety and Sustainability Committee.

Officers and Senior Management

The following table sets forth the name, jurisdiction of residence, positions and offices held with Parkland and principal occupations or employment for the preceding five years of each of the officers and senior management of Parkland.

Name and Jurisdiction of Residence	Principal Occupation During the Five Preceding Years
Robert B. Espey Calgary, Alberta, Canada	President and Chief Executive Officer since May 2011. President and Chief Operating Officer of Parkland from March 15, 2011 to April 30, 2011. Chief Operating Officer of Parkland from January 2010 to March 2011. Vice President of Retail Markets of Parkland from November 2008 to December 2009.
Christy Elliott Calgary, Alberta, Canada	Vice President, Senior General Counsel and Corporate Secretary since January 2019. Vice President, General Counsel and Corporate Secretary of Parkland from May 2018 to January 2019. Vice President, Associate General Counsel & Corporate Secretary of Parkland from December 2017 to May 2018. Interim Vice President, General Counsel and Corporate Secretary of Parkland from July 2017 to December 2017. Legal Counsel of Parkland from April 2016 to December 2017. Associate, Jensen Shawa Solomon Duguid Hawkes LLP from September 2011 to April 2016.
Douglas Haugh Charleston, South Carolina, United States	President, USA (formerly Parkland USA) since November 2017. President and Chief Strategy Officer, Mansfield Energy Corp. from October 2016 to November 2017. President, Mansfield Oil Company, June 2007 to November 2016.
C. Peter Kilty Calgary, Alberta, Canada	Senior Vice President, Special Projects of Parkland since November 2019. Senior Vice President, Retail Operations of Parkland from November 2018 to November 2019. Senior Vice President, Operations, Retail and Commercial Fuels of Parkland from February 2017 to November 2018. Vice President, Retail of Parkland from April 2012 to February 2017.
Ryan Krogmeier Calgary, Alberta, Canada	Senior Vice President, Supply & Trading of Parkland since December 2018. Global Vice President, Joint Ventures & Affiliates, Chevron Corporation from June 2012 to November 2018.
Pierre P.G. Magnan Grand Cayman, Cayman Islands	President, International (formerly Parkland International) since October 2018. Vice President, Corporate Development of Parkland from December 2017 to November 2018. Interim Vice President, Supply, Trading & Refining of Parkland from December 2017 to October 2018. Vice President, General Counsel & Corporate Secretary from December 2015 to December 2017. Principal and Independent Counsel of Deer Grove Inc., a private investment company, from April 2014 to December 2015.
Stephanie McDonald Calgary, Alberta, Canada	Senior Vice President, People & Culture of Parkland since January 2019. Vice President, People & Culture of Parkland from October 2018 to December 2018. Vice President & Global HR Business Partner, LafargeHolcim Ltd. from December 2017 to September 2018. Vice President, Global O&HR Transformation & Head of Strategic Workforce Planning & People Analytics, LafargeHolcim Ltd. from January 2016 to December 2017. Vice President, Organization & Human Resources, LafargeHolcim Ltd. from January 2012 to December 2015.
Michael S. H. McMillan Toronto, Ontario, Canada	Senior Vice President and Chief Financial Officer of Parkland since January 2019 to December 31, 2019. Chief Financial Officer of Parkland from February 2015 to December 2018. Vice President and Treasurer of Parkland from December 2011 to February 2015.
Donna Sanker Calgary, Alberta, Canada	President, Parkland Canada since November 2019. Chief Operating Officer of BP (US) from September 2017 to September 2019. Chief Marketing Officer of BP (US) from December 2015 to August 2017. Vice President of Retail of BP (US) from September 2014 to December 2015. Vice President of Marketing of BP (US) from November 2009 to September 2014.
Darren Smart ⁽¹⁾ Calgary, Alberta, Canada	Interim Chief Financial Officer of Parkland since November 2019. Senior Vice President, Strategy & Corporate Development of Parkland since January 2019. Vice President, Strategy & Integration of Parkland from January 2018 to December 2018. Vice President, Corporate Development of Parkland from September 2015 to December 2017. Director, Corporate Development of Parkland from August 2014 to September 2015. Portfolio Manager, Teachers' Private Capital from June 2005 to July 2014.
Ian White Toronto, Ontario, Canada	Senior Vice President, Strategic Marketing & Innovation of Parkland since January 2019. Vice President, Strategic Marketing of Parkland from February 2017 to December 2018. Director, Pioneer Energy from June 2014 to January 2017. Head of Canada, National Money Mart Company, Dollar Financial Group from September 2011 to July 2014.

Note:

(1) Mr. Smart was a director of Aquilex Holdings LLC when it successfully completed a consensual financial restructuring with its debt holders on February 3, 2012. Mr. Smart resigned as a director of Aquilex Holdings LLC in February 2012.

As of December 31, 2019, the directors and executive officers of Parkland, as a group, beneficially owned, or controlled or directed, directly or indirectly, approximately 1,234,509 Common Shares, representing approximately 0.83% of the issued and outstanding Common Shares as of December 31, 2019.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Corporate Cease Trade Orders

To the knowledge of the Corporation, other than as set forth in the notes to the tables under the heading “Directors and Officers” no director or executive officer of the Corporation, is as at the date hereof or was, within the 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company that: (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation (an “order”) that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Corporate Bankruptcies

To the knowledge of the Corporation, other than as set forth in the notes to the tables under the heading “Directors and Officers”, no director, executive officer or controlling securityholder of the Corporation is, as of the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Personal Bankruptcies

To the knowledge of the Corporation, no director, executive officer or controlling securityholder of the Corporation has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such director, executive officer or shareholder.

Penalties or Sanctions

To the knowledge of the Corporation, no director, executive officer or controlling securityholder of the Corporation has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

CONFLICTS OF INTEREST

Certain of the directors and officers of the Corporation are engaged in, and may continue to be engaged in, other activities in the industries in which the Corporation operates from time to time. As a result of these and other activities, certain directors and officers of the Corporation may become subject to conflicts of interest from time to time. The Business Corporations Act provides that in the event that an officer or director is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or material transaction or proposed material contract or proposed material transaction, such officer or director shall disclose the nature and extent of his or her interest and shall refrain from voting to approve such contract or transaction, unless otherwise provided under the Business Corporations Act. To the extent that conflicts of interests arise, such conflicts will be resolved in accordance with the provisions of the Business Corporations Act.

As of the date hereof, the Corporation is not aware of any existing or potential material conflicts of interest between the Corporation and any director or officer of the Corporation.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only material contracts entered into by Parkland within the most recently completed financial year, or before the most recently completed financial year but which are still material and are still in effect, are the Credit Agreement, the Senior Note Indentures (see the section “Description of Capital Structure – Indebtedness”) and the Sol Shareholder Agreement (see the section “General Development of the Business – Three Year History – 2019”).

INTERESTS OF EXPERTS

Our independent auditors are PricewaterhouseCoopers LLP, Chartered Professional Accountants, who have issued an independent auditor’s report in respect of our annual consolidated financial statements for the year ended December 31, 2019. PricewaterhouseCoopers LLP has advised that they are independent to us within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Corporation is not aware of any material legal proceedings to which the Corporation or its affiliates is a party or to which their property is subject.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Corporation is not aware of any material interest, direct or indirect, of any director or officer of the Corporation, any director or officer of a corporation that is an insider or subsidiary of the Corporation, or any other insider of the Corporation, or any associate or affiliate of any such person, in any transaction since the commencement of the Corporation’s last three completed financial years, or in any proposed transaction, that has materially affected or would materially affect the Corporation or any of its subsidiaries.

ADDITIONAL INFORMATION

Additional information, including directors’ and officers’ remuneration and indebtedness, principal holders of the Corporation’s securities and securities authorized for issuance under equity compensation plans, is contained in the information circular for Parkland’s most recent annual meeting of Shareholders. Additional financial information is provided in Parkland’s annual consolidated financial statements and management’s discussion and analysis for the year ended December 31, 2019. Copies of such documents are filed and available on SEDAR at www.sedar.com and may be obtained in the manner set forth above.

The Corporation’s public disclosure documents can be found on SEDAR at www.sedar.com and on its own website. Parkland’s website is located at www.parkland.ca. The content of, or otherwise accessible through, Parkland’s website is not incorporated by reference into this Annual Information Form.

REGISTRAR AND TRANSFER AGENT

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada located at 710, 530 – 8th Avenue SW, Calgary, Alberta T2P 3S8, Tel: 1-800-564-6253.

APPENDIX 1 MANDATE OF THE AUDIT COMMITTEE

Overall Purpose / Objective

The Audit Committee is appointed by the Board of Directors of Parkland (the “Corporation”) to assist the Board in discharging its oversight responsibilities. The Audit Committee will oversee the financial reporting process with a goal of ensuring the balance, transparency and integrity of published financial information of Parkland. The Audit Committee will also review: the effectiveness of Parkland’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 Parkland; the Corporation’s process for monitoring compliance with laws and regulations affecting financial reporting.

Parkland will comply with the policies and procedures overseen or reviewed by the Audit Committee and use their 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 of Directors, management and the external auditors. To perform his or her role effectively, each Audit Committee member 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 of the Audit Committee 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 of the Audit Committee 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 (“GAAP”) and applicable rules and regulations. These are the responsibilities of management and the external auditor.

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 Corporate 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) Approve the appointment, compensation, retention and annual scope of work of the external auditor;
- (h) Approve all 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 Board of Directors will appoint the Audit Committee members and the Chair of the Audit Committee.
- (b) The Audit Committee will comprise at least three members and all members will be independent within the meaning set forth in NI 52-110 as amended from time to time, non-executive Directors of the Corporation.
- (c) A quorum for any meeting of the Audit Committee will be two members.
- (a) Each member should have skills and experience appropriate to the Corporation's business.
- (a) Members will be appointed for a one year term of office.
- (a) Each member of the Audit Committee shall be financially literate within the meaning set forth under NI 52-110.
- (a) A member of the Audit Committee shall ipso facto cease to be a member of the Audit Committee upon ceasing to be a director of the Corporation.

Meetings

- (a) Notice of the time and place of every meeting may be given orally, in writing, by facsimile or by other electronic means to each member of the Committee at least 48 hours prior to the time fixed for such meeting. A member may in any manner waive notice of the meeting. Attendance of a member at a meeting shall constitute waiver of notice.
- (b) Only Audit Committee members are entitled to attend meetings. The Audit Committee may invite such other persons to its meetings as it deems necessary.
- (c) The external auditors will be invited to make presentations to the Audit Committee as appropriate.
- (d) Meetings will be held not less than four times a year and should correspond with the Corporation's financial reporting cycle.
- (e) Other meetings may be convened as required by the Audit Committee or the external auditors.
- (f) The secretary of the Audit Committee will circulate the agenda and supporting documentation to the Audit Committee members at a reasonable period in advance of each meeting.
- (g) The secretary of the Audit Committee will circulate the minutes of meetings to members of the Board, members of the Audit Committee, and where appropriate to the external auditors.
- (h) At least one member of the Audit Committee will attend the Board meeting at which the financial statements are approved.
- (i) Members of the Audit Committee should make every attempt to be available for every meeting of the Audit Committee in person or by conference call.
- (j) The Audit Committee may call a meeting with outside legal counsel if it is deemed necessary.
- (k) 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.
- (l) 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

The Audit Committee will:

Internal Control

- (a) Have oversight responsibility for management reporting on internal controls;
- (b) 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;

- (c) Review confidential submissions by employees of the Corporation received via the Corporation's Whistleblower Hotline (which are sent directly to the Chair) and make appropriate recommendations to the Board of Directors regarding same;
- (d) Review recommendations made by the external auditors; and
- (e) Monitor policies and procedures relating to directors' and officers' expenses and the reimbursement thereof and relating to any perquisites paid to directors and officers.

Financial Reporting

- (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, annual financial statements MD&A, 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 events and 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 which 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

- (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

- (a) Advise the external auditors 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. The external auditors of the Corporation shall report directly to the Audit Committee;

- (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 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 managements propose 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. Ensure the auditors have access to the Chair of the Audit Committee when required;
- (l) Review policies for the provision of non-audit services by the external auditors and, if required, the pre-approval of such non-audit work;
- (m) 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;
- (n) Review management's proposed internal control plan for the coming year and ensure that there is appropriate co-ordination with the external auditor; and
- (o) Perform all other functions required of Audit Committees by applicable regulatory authorities in connection with the termination or resignation of an auditor.

Reporting Responsibilities

- (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 the Audit Committee's Mandate and activities to be included in the section on Corporate Governance in the Annual Report; and
- (d) Review the disclosure contained in the Corporation's Annual Information Form as required by Form 52-110F1 Audit Committee Information Required in an AIF ("Form 52-110F1") attached to NI 52-110. 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, the Audit Committee shall be responsible for ensuring that the Corporation's Information Circular includes a cross-reference to the sections in the Corporation's Annual Information Form that contain the information required by Form 52-110F1.

- (e) Ensure the preparation and filing of each annual certificate in Form 52-109F1 Certification of Annual Filings Full Certificate and each interim certificate in Form 52-109F2 Certification of Interim Filings Full Certificate 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 in Issuers' Annual and Interim Filings as amended from time to time;
- (f) 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 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. In respect of annual filings only, the Audit Committee is also responsible for ensuring that management of the Corporation evaluates the effectiveness of the Corporation's disclosure controls and procedures as of the end of the period covered by the annual filings and has caused 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. The terms "annual filings," "interim filings," "disclosure controls and procedures" and "internal control over financial reporting" shall have the meanings set forth under NI 52-109; and
- (g) Monitor any changes in the Corporation's internal control over financial reporting and for ensuring 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

- (a) Evaluate the Audit Committee's own performance, both of individual members and collectively, on an annual basis; and
- (b) Assess the achievements of the duties of the Audit Committee specified in the Mandate and report the findings to the Board.

Review of the Audit Committee Mandate

The HR&CG Committee, with input by all Board members and management, will review these terms of reference 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.



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