Parkland's Approach to Climate Change

Overview

Climate change presents significant risks and challenges to our business as well as to communities and economies across the world. Parkland recognizes the importance of taking action on climate change by reducing greenhouse gas (GHG) emissions, as outlined in Intergovernmental Panel on Climate Change (IPCC) assessments and the United Nations Paris Agreement. Climate change requires collective action from industry, government and consumers in order to lower our global environmental impact. We must work together to balance the world's growing need for energy with the need to lower our shared impact on the environment.

As the energy transition accelerates, we need to ensure a safe, reliable supply of energy today, while making strategic decisions and innovative, value-added investments that contribute to a lower carbon future. Parkland's strategy to decarbonize our business supports our governments' efforts to reach net zero emissions by 2050.

Parkland is committed to providing the energy that the world needs in the most responsible way possible. Liquid transportation fuels will remain essential to keeping the economy moving for the foreseeable future; according to the U.S. Energy Information Administration (EIA), world energy consumption will grow by nearly 50% over the next three decades. Low-carbon fuels will need to play a key role in our energy transition, particularly for sectors where electrification is much harder and on a much longer timeline, such as Marine, aviation, rail, long-haul trucking.

Our operations are subject to numerous stringent federal, provincial/state and regional regulations designed to reduce GHGs, all of which we support, comply with and strive to exceed. We are making innovative investments to help shape our low carbon future while continually supporting our customers, employees, shareholders and future generations.

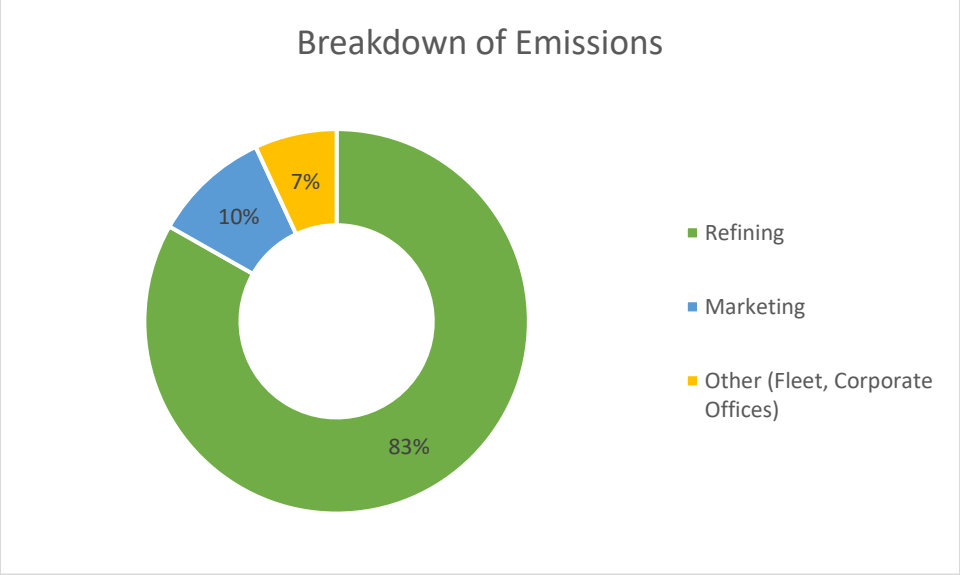
Parkland's overarching sustainability strategy is multi-faceted and includes plans to develop, diversify, and decarbonize our business and stay one step ahead of our customers' needs. The complexity of this energy transition challenge requires a range of decarbonization options from electrifying transportation to reducing the carbon

intensity of liquid fuels as well as reducing the emissions associated with our operations.

As part of our commitment to transparency and climate-related disclosure, and to safeguard the resilience of our business, we have adopted Environment, Social and Governance (ESG) reporting frameworks including the Task Force on Climate-related Disclosures (TCFD), the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB). We participate in the Carbon Disclosure Project (CDP), are a signatory to the United Nations Global Compact and align our Sustainability Strategy with the UN Sustainable Development Goals (SDGs).

Parkland's GHG Emissions Profile

As a producer and supplier of transportation fuel, Parkland's GHG emissions are the result of manufacturing fuels at the Burnaby Refinery, delivering fuel across the Parkland network and supplying customers with energy at retail and commercial sites in 25 countries.



Climate Risks and Opportunities

Climate change is a material issue for Parkland and presents specific risks. The most significant of these is a shift in demand away from traditional hydrocarbon fuels, and an acceleration in the pace of change to government policy and technological innovation. At the same time, adapting to fires, floods and other climate-related disasters will become increasingly relevant to ensure the safety and integrity of our assets.

Parkland considers risk management critical to successful operations. Climate risks and opportunities are embedded in Parkland's planning and risk management processes and organizational structure, and business strategy. Transparent corporate governance is critical to resilience, long-term shareholder value and progress to our overall sustainability strategy and our approach to climate change. Parkland's governance structure includes our Board of Directors and the Environment, Safety and Sustainability committee, our Senior Leadership Team, and Chief Sustainability Officer.

As part of our ongoing and evolving approach to climate change, Parkland regularly reviews the material risks posed by climate change and will provide updates to help us better prepare for the energy transition, climate risk and opportunities.

Climate-related risks	**Climate-related opportunities**
Policy and legal (eg. Regulation of existing products and services, exposure to litigation)	Energy sources (eg. Increased demand for decentralized, clean energy with lower investment costs)
Technology (eg. Substitution of products and services such as a rapid shift to EVs, energy transition costs)	Efficiency (eg. Cost savings through lower resource use for customers and companies)
Reputation (eg. Brand and sector stigmatization, shift in consumer preferences)	Resilience (eg. Better prepared for "black-swan" events through adaptive capacity)
Physical risks (eg. wildfires, floods, storms)	Products and services (eg. Competitive advantage through innovation and new low-carbon products and services)

Our Climate Targets

Our approach to climate involves helping our customers lower their emissions while taking steps to tackle our own Scope 1 and 2 emissions across the organization. We have set out several targets to reduce the carbon impact of our business as outlined below:

- Reduce Scope 1 and 2 GHG emissions per barrel processed at the refinery by 15% by 2030 (from 2019 baseline).

- Reduce Scope 1 and 2 GHG emissions per retail and commercial site by 40% by 2030 (from 2019 baseline).

- Reduce our customers' GHG emissions by up to 1MT a year by 2026 through increased production of low-carbon fuels.

- Offer and encourage low-carbon fuels in every market in which Parkland operates by 2026.

Our Next Steps on Climate:

We recognize the need to decarbonize our society using a balanced approach that leverages our existing business to pursue low-carbon opportunities. Parkland provides a range of choices to allow customers to lower their environmental impacts including carbon and renewables trading, solar power energy solutions, low-carbon fuels and ultra-fast Electric Vehicle (EV) charging stations, while at the same time deploying innovative technology and approaches to reduce our own emissions.

Working with our partners and suppliers is an important part of our approach to climate change and sustainability more generally. We have started to engage suppliers to better understand our indirect (Scope 3) emissions.

Parkland is committed to expanding the low carbon leadership we have demonstrated in Canada across all our jurisdictions. Our Sustainability Roadmap (see above) includes a range of efforts, including the deployment of new technology and processes. Some of these initiatives include:

Greater use of renewable electricity
Using renewable electricity across the organization, from onsite solar photovoltaic systems to supporting efforts to decarbonize and make use of a cleaner electricity grid through electrification of systems, is an important way to reducing Scope 2 emissions.

In the Caribbean, Sol is actively working with power and commercial clients to support their transition to lower carbon fuels including LPG/LNG and renewables. Sol has embarked on a large-scale build-out of solar PV that will result in reducing emissions by 14,000 tonnes of CO2/year.

Co-processing of bio feedstocks in the production of low-carbon fuels
Parkland's Burnaby Refinery is a North American leader in creating low carbon renewable fuels by co-processing renewable feedstock with crude feedstock. Because of this leadership, our customers in British Columbia, Canada already have access to gasoline and diesel with renewable content by filling up at Parkland-supplied retail sites. Commercial customers like BC Ferries have lowered their emissions with Parkland's low-carbon diesel.

Building efficiency measures at retail and commercial sites
Energy management systems that monitor heating and cooling and upgrading HVAC systems at Parkland's retail and commercial sites have the potential to make an important contribution to reaching Marketing's 40% reduction target.

Expanding our low-carbon businesses
With the acquisition of M&M Food Market and the expansion of the On *the* Run convenience stores, Parkland is growing the non-fuel portion of its business with a corresponding lower carbon intensity.

Lowering emissions at the Burnaby Refinery
The Burnaby Refinery contributes a significant portion of Parkland's overall GHG emissions and as such it is critical to apply new processes and technology where appropriate to reduce emissions. These measures may include energy efficiency and electrification of heating as well as new technology to capture methane emissions.

Carbon offsets

As part of Parkland's overall approach to climate, carbon offsets will play an important role. Our Elbow River Marketing trading team provides customers in the international voluntary carbon markets with high-quality, verified credits. At the same time, Parkland will use carbon credits to help offset some of our own emissions.