

# Mandate of the Board of Directors

The fundamental responsibility of the Board of Directors is to oversee the management of the business, with a view to delivering consistent and growing Shareholder returns and ensuring Parkland conduct in an ethical and legal manner via an appropriate system of corporate governance.

The Board of Directors has plenary power. Any responsibility not delegated to management or a committee of the Board remains with the Board. These terms of reference are prepared to assist the Board and management in clarifying responsibilities and ensuring effective communication between the Board and management.

## Composition and Board Organization

- (a) Nominees for directors are initially considered and recommended by the Human Resources and Corporate Governance Committee of the Board, approved by the entire board and elected annually by the shareholders of the Corporation.
- (b) The Board shall be composed of not fewer than three directors and not more than the maximum number of directors allowed by the articles of the Corporation. The specific number of directors shall be set by the Board each year. The Board shall be composed of a majority of independent directors who are free from any direct or indirect relationship that, in the Board's view, would or could reasonably interfere with the exercise of his or her independent judgment.
- (c) The Board shall meet at least four times each year. The Chairman may call additional meetings as required.
- (d) The independent directors will meet on a periodic basis at which non-independent directors and members of management are not in attendance.
- (e) The Board shall have the right to determine who shall and who shall not be present at any time during a Board meeting. The President and Chief Executive Officer, the Chief Financial Officer and Corporate Secretary of the Corporation are expected to be available to attend the Board meetings or portions thereof.
- (f) Certain of the responsibilities of the Board referred to herein may be delegated to committees of the Board. The responsibilities of those committees will be as set forth in their terms of reference, as approved by the Board and amended from time to time.
- (g) All members of the Board are expected to allow sufficient time to review meeting materials and be prepared for Board meetings. Members are expected to attend most, if not all, Board meetings and applicable meetings of committees of the Board.

## Responsibilities

The Board has the responsibility for:

### Executive / Senior Management

- (a) Selecting, appointing, evaluating and (if necessary) terminating the Chief Executive Officer;
- (b) Planning its composition and size;
- (c) Selecting its Chair;
- (d) Succession planning, including appointing, training and monitoring the performance of senior management;
- (e) Approving the compensation of the senior management team and the remuneration of the Board of Directors;
- (f) Approving a position description for the Chief Executive Officer;
- (g) Monitoring compliance with any code of business conduct and ethics that may be adopted by the Board, including the review of conflict of interest disclosures from directors or executive officers of the Corporation;
- (h) To the extent possible, satisfying itself as to the integrity of the Chief Executive Officer and other executive officers and that the Chief Executive Officer and other executive officers evoke a culture of integrity throughout the organization;
- (i) Acceptance of outside directorships or trusteeships on public and private companies or entities in the same or related businesses as the Corporation by directors (other than not-for-profit organizations);
- (j) Approving decisions relating to senior management, including the:
  - (i) appointment and discharge of officers of the Corporation and members of the senior leadership team;
  - (ii) compensation and benefits for members of the senior leadership team;
  - (iii) acceptance by executive officers of outside directorships or trusteeships on public and private companies or entities (other than not-for-profit organizations);
  - (iv) annual Corporation and business unit performance objectives utilized in determining incentive compensation or other awards to officers; and
  - (v) employment contracts, termination and other special arrangements with executive officers, or other employee groups if such action is likely to have a subsequent material impact on the Corporation or its basic human resource and compensation policies.

## Business Strategy / Plans / Budgets

- (a) Adoption of a strategic planning process and at least annually, approve the Corporation's strategic plan which takes into account, among other things, the opportunities and risks of the business;
- (b) Approving annual capital and operating plans and budgets and monitoring performance against those plans;
- (c) Approving all material amendments or departures proposed by management from established strategy, capital and operating budgets or matters of policy which diverge from the ordinary course of business;
- (d) Approving financial and operating objectives used in determining compensation; and
- (e) Approving material divestitures and acquisitions above the expenditure authority of the Chief Executive Officer.

## Finance / Financial Reporting

- (a) Approve cash dividends by Parkland;
- (b) Monitoring operational and financial results;
- (c) Approving the Annual Information Form and documents incorporated by reference therein;
- (d) Approving banking resolutions and significant changes in banking relationships;
- (e) Approving contracts, leases and other arrangements or commitments that may have a material impact on the Corporation;
- (f) Approving spending authority guidelines; and
- (g) Approving the commencement or settlement of litigation that may have a material impact on the Corporation.

## Audit / Risk Management

- (a) Reviewing policies and processes to identify business risks, to address what risks are acceptable to Parkland and ensure that systems and actions are in place to manage them;
- (b) Recommending external auditor to Shareholders at the annual meeting of Shareholders;
- (c) Approving the quarterly and full year financial statements, news releases and M D & A;
- (d) Reviewing policies and processes to ensure the integrity of Parkland's internal control and management information systems;
- (e) Receiving, on a regular basis, reports from management on matters relating to, among others, ethical conduct, environmental management, employee health and safety, human rights, and related party transactions;
- (f) Assessing and monitoring on an annual basis management control systems; and
- (g) Evaluating and assessing information provided by management and others (e.g. internal and external auditors) about the effectiveness of management control systems.

## Corporate Governance

- (a) Ensuring that all new directors receive a comprehensive orientation respecting the nature and operation of the Corporation's business as well as the role of the Board and its committees and the contribution which individual directors are expected to make;
- (b) Ensuring that directors are provided with continuing education opportunities so that directors may maintain or enhance their skills and abilities as directors as well as ensure that their knowledge and understanding of the Corporation's business remains current;
- (c) In conjunction with the Human Resources and Corporate Governance Committee, assessing the contribution and effectiveness of the Board, Committees and all Directors annually;
- (d) Approving a process for communication with Parkland;
- (e) Approving the nominees for election to the Board at the annual meeting of Shareholders;
- (f) Establishing committees and approving their Chair, respective Mandates and the limits of authority delegated to each Committee;
- (g) Approving and directing the implementation of corporate governance practices and procedures consistent with TSX guidelines aimed at having independent, informed oversight by Board members of management and management's conduct of the business of the Corporation and its subsidiaries, including the approval of the terms of reference for the Board and its committees; and
- (h) Elaborating a succession plan for Directors.

## Policies and Procedures

- (a) Monitoring compliance with all significant policies and procedures by which the Corporation is operated;
- (b) Directing management to ensure that the Corporation operates at all times within applicable laws and regulations and to the highest ethical and moral standards;
- (c) Providing policy direction to management while respecting its responsibility for day-to-day management of the Corporation's businesses; and
- (d) Reviewing significant new corporate policies or material amendments to existing policies (including, for example, policies regarding business conduct and conflict of interest).

## Compliance Reporting and Corporate Communications

- (a) Taking all reasonable steps to ensure the Corporation has in place effective communication processes with Shareholders and other stakeholders and financial, regulatory and other recipients;
- (b) Approving interaction with Shareholders on all items requiring Shareholder response or approval;
- (c) Taking all reasonable steps to ensure that the financial performance of the Corporation is adequately reported to Shareholders, other securities holders and regulators on a timely and regular basis;

- (d) Taking all reasonable steps to ensure that financial results are reported fairly and in accordance with generally accepted accounting principles;
- (e) Taking all reasonable steps to ensure the timely reporting of any other developments that have significant and material impact on the Corporation; and
- (f) Reporting annually to Shareholders on the Board's stewardship for the preceding year.

#### *General Legal Obligations of the Board of Directors*

- (a) Directing management to ensure legal requirements have been met and documents and records have been properly prepared, approved and maintained;
- (b) Approving the Corporation's legal structure;

- (c) Taking all reasonable steps to ensure compliance with all material legal requirements applicable to the Corporation, including, but without limitation, corporate and securities law, and
- (d) Performing such functions as it reserves to itself or which cannot, by law, be delegated to Committees of the Board or to management.

#### **Review**

The Human Resources and Corporate Governance 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.